

# Committee on Resources

## Subcommittee on Energy & Mineral Resources

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### Statement

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**OPENING STATEMENT**  
**Honorable Barbara Cubin, Chairman**  
**Subcommittee on Energy and Mineral Resources**  
**July 25, 2000**

This is the fourth and final hearing of the Subcommittee on Energy and Mineral Resources effort to gather facts and testimony to explain the secret agreement among a lawyer and private corporation actively seeking changes in federal oil royalty policies and two federal officials working on the inside to promote those changes.

If that deal was still secret, each of those federal employees would now have \$1.4 million in their pockets.

At the outset of our 14 hours of hearings, a few of my colleagues thought we were wasting time. The undisclosed, unexplained initial payment of \$383,600 each to those federal oil policy advisors was deemed no worse than cutting the tags off a mattress.

Now, some of those colleagues use terms like "repugnant" and "possibly criminal" when talking about the secret pact among POGO, Mr. Berman, and Mr. Speir. Those colleagues shy away from enforcing subpoenas to gather more information but it seems their thinking has changed.

As we begin this final hearing, I will recap what the Subcommittee has learned. But first, let me say to my friends among the Minority: "Late converts are the most welcome kind." The facts and obvious implications uncovered and fleshed out in our hearings are disturbing. I can not imagine any Member of Congress wishing to ally himself with a scheme to funnel an enormous amount of money - in secret - from a private lawyer and corporation with a stake in federal oil royalty policy to a pair of influential oil royalty policy experts.

We began with an explanation from POGO that it paid innocent "public service awards" to whistleblowers it just happened to discover while working on its oil royalty campaign.

Through these hearings, the Subcommittee established that Mr. Berman and Mr. Speir are NOT whistleblowers. We learned that the POGO Board of Directors NEVER established a public service award program and NEVER selected Mr. Berman or Mr. Speir to receive an award.

We have also learned that POGO did not just "come across" Mr. Berman and Mr. Speir. Henry M. Banta, POGO's Board Chairman and a lawyer with long ties to Mr. Berman and Mr. Speir and with clients affected by federal oil royalty policies, introduced POGO to the oil royalty issue. Then Mr. Banta introduced his two closest allies among federal oil royalty advisors to POGO. The result was an apparently coordinated campaign to promote a policy agenda favorable to Mr. Banta's clients - and to the pockets of POGO and a favored few.

The Subcommittee hearings have uncovered this telling and troubling fact: POGO offered to share its' oil litigation money with 5 people. Not one of the five had a relationship with POGO before Henry Banta put them together. Each of the five had longstanding relationships to Mr. Banta and his law firm. Two of the five had never heard of POGO before they were offered the money. Three people share money with POGO. Two of them: Mr. Berman and Mr. Speir had many dealings with Mr. Banta in promoting client interests before and after agreeing to take the money POGO and Mr. Banta offered.

These glaring and damning inconsistencies between POGO's story and the facts uncovered demand answers. But

POGO officers and directors refuse to provide straight answers - or even any answer at all to some of the most probing questions.

Today, we have a witness may provide answers POGO and Mr. Berman refused. The Department of the Interior and the Department of Energy have provided ethics experts to help put this secret deal in context. To avoid jeopardizing the prosecutions I hope to soon see, these experts will not be required to answer specific questions about whether Mr. Berman or Mr. Speir violated an ethics rule.

Our other witness today will provide a compelling report of the ways in which this secret financial arrangement may have tainted federal oil valuation and royalty decisions. The Senate Energy and Natural Resources Committee borrowed a highly experienced attorney from the General Accounting Office to examine the subject we are reviewing. Senator Murkowski released this report yesterday and has graciously allowed the first testimony about that report to be presented before us today.

That thorough and independent report provides a compelling reason that this Administration must finally give the Justice Department and Interior Inspector General investigation the resources and the mandate to vigorously pursue evidence suggesting that Henry Banta and POGO may have intended to pay millions of dollars to Bob Berman and Bob Speir in exchange for access to official information and influence over official actions.

I'll state it more simply: It now looks possible that POGO's litigation proceeds may have been a bribe paid by POGO and Henry Banta to Bob Berman and Bob Speir. There is - in my view - more than enough evidence and damning circumstances to warrant a serious, broad-ranging investigation.

There is no doubt these guys failed to fill out their financial disclosure forms correctly, but this Subcommittee and this Representative want federal law enforcement agencies to be given a clear directive from the Attorney General, from the Secretary of Energy, and from the Secretary of the Interior to make this case a top priority. No policy, no regulation, no amount of money won for the Treasury, can excuse turning a blind eye to these facts.

Here in Congress, partisan squabbles and rivalries can't obscure the truth: The Committee on Resources and this Subcommittee have put in the hours and the sweat to do our job as an oversight watchdog. The work of Mr. Brady, Mr. Schaffer, Mr. Tancredo, Mr. Gibbons, Mr. Cannon and Mr. Walden - and the seasoned judgement of Mr. Tauzin, have combined to uncover facts that had been hidden.

I am proud of the determination and dedication to rooting out corruption shown by my Majority colleagues. The Minority is - I think - beginning to consider the facts rather than the smoke. Today, I invite you to ask tough, probing questions and consider joining with us in a tough, honest assessment of what may be a scheme to pay the richest bribes in American history. Thank you.

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