



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

The Honorable Raul M. Grijalva
Ranking Member
Committee on Natural Resources
US House of Representatives

JUN 07 2018

Dear Ranking Member Grijalva:

This is in response to your letter of January 10, 2018 in which you request an investigation into two halted studies being conducted by the National Academies of Science, Engineering and Medicine (NAS). We have reviewed the two studies, one on the health impacts of mountaintop removal coal mining and the other on the offshore oil and gas inspection program. We have also reviewed the rationale provided by the Office of Surface Mining Reclamation and Enforcement (OSMRE) and the Bureau of Safety and Environmental Enforcement (BSEE), explaining why these studies were halted.

In regard to a cooperative agreement between NAS and OSMRE dealing with health impacts of mountaintop mining, we found that NAS was told to cease activities on August 18, 2017. Other than a general document entitled "Secretary of the Interior's Priorities," Departmental officials were unable to provide specific criteria, used for their determination whether to allow or cease certain grants and cooperative agreements. NAS disbanded the committee working on the health study so members could return to their regular employment.

Departmental officials decided to halt the study because they did not believe it would produce any new information and felt costs would exceed the benefits. This decision was made after almost half of the \$1,003,553 had been spent. Until the work was halted, both parties had complied with the requirements. We determined that \$455,110, the amount billed, was wasted because no final product was produced. The remaining funds of \$548,443 have expired and will be returned to the U.S. Treasury when the account is officially closed on September 30, 2021. We are conducting a separate cost audit of the funds expended.

In regard to a contract between NAS and BSEE, dealing with certain aspects of BSEE's offshore inspection program, we found that BSEE issued a stop-work order on December 7, 2017. BSEE officials cited transparency and communication issues between BSEE's headquarters staff and its Gulf of Mexico Region as a reason for the stop-work order. We found regional staff did not have input into the scope of the work and had initiatives underway that were not fully implemented. BSEE headquarters staff, did not share the same concerns and stated the study was developed to look at the program from a higher-level perspective. As a result, the BSEE Director concluded the contract should be paused to incorporate regional expertise, yielding a more comprehensive study.

BSEE stated it does not intend to terminate the contract, although ultimately it still could choose to do so. A meeting is planned in July 2018 for BSEE and NAS personnel to discuss

project options that include regional input. BSEE stated its intention to modify the contract's scope of work and restart the study sometime in September 2018. NAS indicated that significant changes to the scope of work might require restarting its process, necessitating approval by the board of directors and identifying new committee members.

We determined that NAS has met all contract deliverables to date and has expended \$78,279.02 of the \$582,177 total contract value. The bulk of the expenses incurred from June through November 2017 were used to identify NAS study committee members and vet them for potential conflicts of interest. The funding for this contract is no-year money, which will not expire.

If you have any questions concerning this review, please do not hesitate to contact me at 202-208-5745, or your staff may contact Nancy DiPaolo, Director of External Affairs at 202-208.4357.

Sincerely,



Mary L. Kendall
Deputy Inspector General