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Kellie Lunney, E&E News reporter

Published: Wednesday, December 6, 2017

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<https://goo.gl/1oQLfK>

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Former President Clinton criticized President Trump's move to shrink Utah's Grand Staircase-Escalante and Bears Ears national monuments, saying he was "mystified and heartbroken."

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1. Interior pick advances while others remain in limbo

Kellie Lunney, E&E News reporter

Published: Wednesday, December 6, 2017

Senators last night agreed to proceed on the stalled nomination of Joseph Balash to be the Interior Department's assistant secretary for land and minerals management.

Majority Leader Mitch McConnell (R-Ky.) asked for unanimous consent to move toward a confirmation vote on Balash after one hour of debate "at a time to be determined" in negotiation with Minority Leader Chuck Schumer (D-N.Y.).

The development came after Alaska Republican Sen. Dan Sullivan took to the floor Monday night to complain about a secret Democratic hold on Balash, who has been in limbo since clearing the Energy and Natural Resources Committee more than three months ago (*E&E Daily*, Dec. 5).

Sullivan told E&E News yesterday he had talked to the lawmaker who placed the hold, and the Republican said he was hopeful they had cleared up the impasse.

He said conversations with the other side on the matter were going well. He would not out the Democrat who placed the secret hold.

"I'm just trying to be respectful," said Sullivan.

McConnell's announcement last night indicated the two sides apparently had reached some agreement to expedite Balash's nomination.

Minority Whip Dick Durbin (D-Ill.) had put holds on some Interior nominees to exert pressure on Interior Secretary Ryan Zinke to meet with him and other Democrats about the department's controversial national monuments review. But he lifted some of those holds after Zinke and the lawmakers met on Capitol Hill in mid-November.

Sullivan said he worked with Durbin to broker the meeting with Zinke, and the minority whip "in good faith" agreed to move on Balash and other nominees. But then "someone else" decided to place the secret hold on Balash, said Sullivan.

Balash is Sullivan's former chief of staff and has served as commissioner of the Alaska Department of Natural Resources. Sullivan called him "super-qualified" for the Interior assistant secretary job.

Senators of both parties often place holds on executive branch picks to get concessions on other issues. And even with senators scrapping the filibuster for nominees, holds mean leaders have to overcome additional hurdles before advancing candidates.

Sullivan's Alaska colleague, Republican Sen. Lisa Murkowski, yesterday said Susan Combs, President Trump's pick for Interior assistant secretary for policy, management and budget, also still has a hold on her nomination.

"Obviously, we want to try to get all of them done before Christmas," the Energy and Natural Resources Committee chairwoman told reporters, citing other pending Interior and Energy picks.

"There's just no reason to continue holding anybody," she said, adding her committee had "done our business" by moving the nominations. "It's not only frustrating to me, it's frustrating to them," Murkowski said.

She added: "Many have left their prior positions, and so they're sitting around, twiddling their thumbs. I know some have families that they're worried about if they've got to move them. You need to get your kids situated and settled. It's a very disruptive process if there's no certainty to when you can begin the work that you've been asked to do."

Aides said Interior solicitor nominee Ryan Nelson and David Jonas, picked by Trump to be Department of Energy general counsel, also have holds against them.

Separately, yesterday Energy and Natural Resources heard from nominees to oversee the U.S. Geological Survey and the Bureau of Reclamation, as well as the Energy Information Administration (*see related story*).

<https://goo.gl/1oQLfK>

2. Morale up at Interior and DOE, down at EPA

Kevin Bogardus, E&E News reporter

Published: Wednesday, December 6, 2017

Federal employee morale across the government again improved this year, including at several key energy and environmental agencies.

At both the departments of Energy and the Interior, job satisfaction climbed for the third straight year, according to a **report** released today by the Partnership for Public Service. Other agencies, such as U.S. EPA, however, saw their scores drop in 2017.

Overall federal worker morale improved for its third consecutive year. The partnership's 2017 "Best Places to Work in the Federal Government" report, done in collaboration with consulting firm Deloitte, gave the government an employee engagement index score of 61.5.

That is a 2.1-point spike from 2016 and the highest overall score since 2011. The improvement also beats prior increases of 1.3 points in 2016 and 1.2 in 2015.

The partnership's assessment, its first morale report in the Trump administration era, tracks closely with agencies' own polling of employees under the Federal Employee Viewpoint Survey, which also saw morale improve (*Greenwire*, Oct. 13).

Mallory Barg Bulman, vice president of research and evaluation at the partnership, credited improvements on a "mission-focused" federal workforce as well as a push by the Obama administration to have agencies include employment engagement in their performance plans.

"That really changed behavior. Individuals were being held accountable for what happened in their workplace," Barg Bulman told E&E News, referring to the move by the prior administration.

"I think people in the federal government still feel they can still make a difference," she said. "There have been decreases in some places, but people mostly felt they can still do their work and their agency's mission."

The partnership said 74 percent of federal agencies saw scores climb this year. EPA, the Department of State, the FBI and the intelligence community, however, saw declines.

Further, the federal government is still far behind in morale when compared with the private sector. The 2017 employee engagement score for private-sector employees was 77.8, 16.3 points higher than the government's, according to research firm Mercer-Sirota.

The partnership's rankings are mostly based off results from the FEVS, administered by the Office of Personnel Management this spring. More than 486,000 federal employees representing 80 agencies took part in that survey.

The group then calculated its index score from three workplace satisfaction questions dealing with whether people would recommend their workplace, job satisfaction and agency satisfaction.

Asked how President Trump could continue to improve morale, Barg Bulman said, "The biggest thing I would say is to not stop."

She said, "As new political leaders come in, it is important that they listen to the career workforce and recognize that the career workforce is committed to the mission of the agency and can help them to do their job."

The partnership has long received data from OPM to help with the report. This year, however, OPM initially withheld information on 186 small agencies and subcomponents, citing privacy concerns. Yesterday, OPM reversed that decision.

Consequently, the partnership will revise its rankings for small agencies and subcomponents and release an updated report in early 2018. Rankings for large and midsize agencies will not change.

"We are providing transparency here. That's our goal, and that's what we are doing here," Barg Bulman said. "There will be additional data in January."

DOE, Interior's morale climbs

Interior saw its score in the partnership's report climb by 2.9 points from 2016 to 2017. The department earned a 63.9 mark this year, giving it a ranking of ninth among large agencies.

Interior Secretary Ryan Zinke cheered that improvement. "Interior should be hands-down the best place to work in the federal government, and we're going to get there," Zinke said in a statement today.

"In the years to come we will reorganize the force to push more resources to the front lines and clean up the culture of harassment and discrimination," he said. "Moving from 11th to 9th is a nice step, but I won't be satisfied until we're No. 1."

NASA remained No. 1 among large agencies for the sixth year in a row, with a score of 80.9, a 2.3 point increase from 2016.

Given a score of 52, the Department of Homeland Security remains last in that category, although it improved by 6.2 points.

Also among large agencies, the State Department saw its greatest decline over a year at 2.8 points since the partnership began doing the report in 2003. State got a score of 64, just above Interior.

For midsize agencies, the Department of Energy was ranked 15th. Its 2017 score was 66.6 points, 3.2 points more than the prior year.

The Federal Energy Regulatory Commission was No. 1 in that category. The energy regulator was given a score of 82.9 this year, 3.9 points higher than in 2016.

Ranked 11th for midsize agencies, the Nuclear Regulatory Commission got a 71.3 score. That rose 1.1 points from the previous year.

EPA saw its score fall in the partnership's report by 0.9 point this year. The environmental agency earned 63.5 points in 2017, ranking at 18th among midsize agencies. It seems EPA's surge in morale has stalled; in 2016, it had a 5.9-point increase from the prior year.

Asked about results concerning EPA, Barg Bulman said the partnership saw numbers fall in specific program offices.

"The Office of Water and the Office of Air and Radiation saw some of the biggest drops in the senior leadership scores," she said. "Again, you have a very mission-driven workforce. When they feel they cannot affect the mission, that can be a very frustrating thing."

EPA's water office score dropped by 5.4 points this year. The air office's score went down by 7.3 points.

<https://goo.gl/wK1n5J>

3. Alaska, producers in talks on gas sale for LNG project

Margaret Kriz Hobson, E&E News reporter

Published: Wednesday, December 6, 2017

ANCHORAGE, Alaska — The state of Alaska is pushing forward with plans to commercialize its abundant reserves of natural gas, signing a joint development agreement last month with China in the hope of beginning construction of its ambitious LNG export project by mid-2019.

Three major Chinese companies have tentatively agreed to buy Alaska's gas and to partially finance the Alaska LNG export project. But the state has yet to nail down an agreement with North Slope oil and gas producers to acquire their gas for the project.

Since the 1970s when oil was first produced in northern Alaska, BP, ConocoPhillips and Exxon Mobil Corp. have reinjected roughly 35 trillion cubic feet of gas into their wells to boost production of oil.

Now the Alaska Gasline Development Corp., a state-owned corporation, wants to sell that gas. AGDC is proposing to build a North Slope processing plant, an 800-mile pipeline and a liquefaction and export facility along the state's southern shore. The total cost of the megaproject is estimated at \$43 billion.

Under the nonbinding pact with the Chinese companies, 75 percent of the gas would be sold and shipped to China. The rest would be sold to other Asian countries and to Alaska customers.

At an Alaska legislative hearing Monday, AGDC President Keith Meyer said the state has calculated that it can offer to pay producers \$1 per million British thermal units for the gas that they own at their northern Alaska fields.

"It's not as high as Henry Hub, which is north of \$2 now, you know, \$2.50," he said. "But Henry Hub's at the beach in Louisiana, not up on the North Shelf."

So far, the oil companies have not walked away from AGDC's proposal, Meyer told state lawmakers. "I know everybody wants more," he said. "But none of the producers have said, 'Gee, this doesn't work. This is lower than our cost.'"

Asked about Meyer's comments, the three producers said they continue to support the Alaska LNG project.

BP said in an email that the company looks forward "to better understand[ing] the terms of the agreement and the role envisioned for gas resource owners, like BP." The company operates Alaska's Prudhoe Bay oil fields.

In a separate email, Exxon Mobil officials said they have "received the AGDC's proposal for the purchase of our Prudhoe Bay gas and have responded to that offer. The proposal contains a number of terms that warrant further discussion."

Meanwhile, ConocoPhillips noted that the company is negotiating to sell its gas to the state "on mutually acceptable commercial terms. ... Those negotiations are still in progress and sales price as well as many other terms and conditions have not been agreed."

First look at Alaska-China agreement

The Alaska legislative hearing provided the lawmakers with their first look at the tentative Alaska-China development agreement on the state LNG export project. That accord was signed at an elaborate ceremony in Beijing during President Trump's trade mission to Asia.

Under the pact, the Bank of China and CIC Capital Corp. would provide 75 percent of the funding — roughly \$32 billion — to build the project. The state would repay that loan by providing China Petrochemical Corp., known as Sinopec, with 75 percent of the LNG capacity of the Alaska pipeline for the length of the loan (*Energywire*, Nov. 22).

Alaska anticipates financing the remaining pipeline costs — \$11 billion — through deals with financial investors, Alaska Native corporations, and state municipalities and residents.

At the legislative hearing, Alaska lawmakers expressed concern that the agreement would allow Chinese companies to dominate construction and operation of the Alaska LNG project. Specifically, they asked about contract language suggesting that Sinopec wants to play a role in fundamental engineering, procurement, construction and management of the venture.

State Rep. Dan Saddler (R) asked Meyer for a commitment that the Chinese companies won't be awarded a major percentage of the contracting and labor work.

Meyer assured that Alaska contractors and workers will have priority in project development. "Every able body in Alaska is going to be working on this project," he said. "I certainly don't expect the Chinese companies to come in with a bunch of labor."

"We're going to have Alaska contractors, Alaska labor," Meyer said. But he also noted that no Alaska company has the experience and technical ability to oversee the entire LNG megaproject. "So we have to get that expertise elsewhere," he added.

Several legislators also warned that the state is relying too heavily on the Chinese companies to make the Alaska LNG project a success.

"I'm concerned that we put so many eggs in their basket that now we are no longer a partner, but almost seen as a vassal," said state Rep. Lance Pruitt (R). "And Alaska has a long history of being concerned about being treated like a colony."

State Rep. Chris Birch (R) noted that Alaska cannot rely on the expertise of the North Slope oil producers, who have partnered in past state efforts to commercialize its natural gas reserves.

In fact, Exxon Mobil, BP and ConocoPhillips dropped out of the Alaska LNG project a year ago due to low gas prices.

Raising questions about China's participation, Birch noted that "you're talking about major multinational government-owned concerns with a tremendous amount of resources. And what I'm worried about is getting outgunned here."

But Meyer consistently assured the legislators that the state will retain control over the Alaska LNG project.

"There's no scenario where we have contemplated or envisioned where the Chinese would own a majority interest in the project," he maintained. "They're going to be a big customer. They're going to be a partner. But they're not going to have a controlling interest."

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4. Bill Clinton 'heartbroken' by public lands cuts

Published: Wednesday, December 6, 2017

Former President Clinton criticized President Trump's move to shrink Utah's Grand Staircase-Escalante and Bears Ears national monuments, saying he was "mystified and heartbroken."

"I think this is the wrong economic decision. I know it's the wrong environmental decision. I think it's the wrong cultural decision," Clinton said yesterday at Conservation International's 30th anniversary dinner in New York.

Clinton protected the Grand Staircase-Escalante area in 1996. While an initial backlash hurt Utah Democrats, Clinton said state residents have since warmed to his decision, due to the ecotourism and other economic benefits to southern Utah.

Trump signed orders Monday to reduce the sites by about 2 million acres in total (*Greenwire*, Dec. 4; Paighen Harkins, *Salt Lake Tribune*, Dec. 5). — NB

<https://goo.gl/LW91UU>