

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA

OKLAHOMA STATE OF, et al.,

Plaintiffs,

vs.

Case No. CIV-21-719-F

UNITED STATES DEPARTMENT
OF THE INTERIOR, et al.,

Defendants.

TRANSCRIPT OF MOTION FOR PRELIMINARY INJUNCTION

BEFORE THE HONORABLE STEPHEN P. FRIOT

UNITED STATES DISTRICT JUDGE

DECEMBER 2, 2021

1:30 P.M.

Proceedings recorded by mechanical stenography; transcript produced by computer-aided transcription.

1 APPEARANCES:

2 **FOR THE PLAINTIFFS:**

3 Mr. Ryan T. Leonard
4 Edinger Leonard & Blakely, PLLC
5 6301 N. Western Ave.
6 Suite 250
7 Oklahoma City, OK 73118

8 Mr. Elbert Lin
9 Hunton Andrews Kurth, LLP-Richmond
10 951 E. Byrd St.
11 Riverfront Plaza
12 East Tower
13 Richmond, VA 23219

14 Ms. Melissa A. Romanzo
15 Hunton & Williams, LLP
16 101 S. Tryon St.
17 Suite 3500
18 Charlotte, NC 28280

19 Mr. Mithun S. Mansinghani
20 Attorney General's Office-NE
21 21 Street-OKC
22 313 N.E. 21st St.
23 Oklahoma City, OK 73105

24 **FOR GOVERNOR KEVIN STITT:**

25 Mr. Trevor S. Pemberton
Office of Governor J. Kevin Stitt
2300 N. Lincoln
Oklahoma City, OK 73105

26 **FOR THE DEFENDANTS:**

27 Ms. Arwyn Carroll
28 U.S. Dept. of Justice - DC
29 P.O. Box 7611
30 Ben Franklin Station
31 Washington, DC 20044-7611

1 (PROCEEDINGS HAD ON DECEMBER 2, 2021.)

2 THE COURT: We're here in Civil 21-719, State of
3 Oklahoma and others vs. the U.S. Department of the Interior and
4 others, for a motion hearing, specifically focusing on the
5 plaintiffs' motion for a preliminary injunction, filed on
6 August the 23rd of this year.

7 Counsel will please give your appearances.

8 MR. LEONARD: Ryan Leonard for the plaintiffs, Your
9 Honor.

10 MR. PEMBERTON: Trevor Pemberton on behalf of the
11 Governor.

12 MR. LIN: Elbert Lin on behalf of plaintiffs.

13 MS. ROMANZO: Elizabeth Romanzo on behalf of the
14 plaintiffs.

15 MR. MANSINGHANI: Mithun Mansinghani for the
16 plaintiffs and also behind the bar is the Attorney General.

17 THE COURT: Very well.

18 MS. CARROLL: Good afternoon, Your Honor, Arwyn
19 Carroll for the federal defendants. And with me at counsel
20 table I have Conor Cleary, Emily Morris and John Austin from
21 the Department of the Interior Solicitor's Office.

22 THE COURT: Okay. Thank you.

23 As everybody has a right to expect, I have reviewed the
24 motion, the response and the reply. It will come as no
25 surprise that I've also got a dog-eared copy of the McGirt

1 decision here that I've looked at a time or two. And I've
2 also, obviously, reviewed other relevant materials. Although I
3 will say this, I judge from the briefing and the quality of the
4 briefing -- and let me emphasize quality briefing on both
5 sides -- that I'm not going to sit here and claim that with the
6 hours I have devoted to the matter that I am yet ready to go
7 toe-to-toe with either side in terms of your preparation and
8 your mastery of the issues. The briefing that I've got before
9 me tells me that. I've got a lot of quality briefing before
10 me. And that's helpful. And I expect likely we'll have
11 equally quality presentations today.

12 My intent is to hear from counsel for the plaintiffs in
13 support of the motion. It will come as no surprise to you that
14 I'm certainly going to have some questions as we go. I hope I
15 have come up with some hard questions for both sides. We'll
16 see. There's space in this case, if you will, for some hard
17 questions for both sides.

18 If anybody came here this afternoon thinking that you
19 would hear a ruling from the bench, you are going to be
20 disappointed. This is a matter involving some urgency, really
21 from the perspectives of both sides, and both sides need to
22 have whatever degree of certainty I can lend to the situation.
23 So I do plan to rule without delay and certainly without
24 avoidable delay. But the complexity of the matter, at least
25 legally and perhaps to some degree factually, although perhaps

1 not factually, the complexity of the matter is such that I am
2 really loath to rule from the bench.

3 As Mr. Mansinghani knows, I've ruled from the bench a few
4 times lately. And I have done so in some situations where I
5 felt, all things considered, it was appropriate to do so, but
6 I'm really not in a position to rule today.

7 With that understanding and, again, I will repeat, because
8 of the urgency of the matter, with the understanding that both
9 sides do deserve to get to some degree of certainty as soon as
10 reasonably possible, I will be making a written ruling as soon
11 as reasonably possible.

12 With that, I'll hear from the plaintiffs in support of the
13 motion.

14 MR. LEONARD: Thank you, Your Honor.

15 THE COURT: And let me -- trust me, I'm not going to
16 just chop up your presentation with all kinds of inconvenient
17 interruptions, but there's one or two things I need to get out
18 of the back of my mind lest they distract me.

19 First of all, what is the status of the -- as we speak, of
20 the various petitions in the Supreme Court asking that court to
21 revisit McGirt?

22 MR. LEONARD: Your Honor, there are approximately 45
23 petitions for cert that have been filed that are currently
24 pending before the U.S. Supreme Court. They are in various
25 stages of briefing. In what the State would consider the

1 principal case, the Castro-Huerta case, the State's reply is
2 due on December 8th, and we anticipate a decision on cert
3 likely in mid to late January.

4 THE COURT: Okay. Well, I do appreciate that.
5 Obviously, this is not a matter in which I feel that I can wait
6 to see whether they grant cert, let alone what they do after
7 they grant cert. And that, obviously, is a highly speculative
8 proposition in any event. It's a, if you will, a distraction
9 that I wanted to get out of the back of my mind so that we can
10 tend to business here, so Mr. Leonard, you may proceed.

11 MR. LEONARD: Thank you, Your Honor. It's an honor
12 to be in your court today. So the State is going to have two
13 counsel, with the Court's indulgence, present the argument
14 today. My co-counsel Elbert Lin, who is here behind me, he
15 will address the arguments related to the State's program under
16 the Surface Mining Control and Reclamation Act, otherwise known
17 as SMCRA, as well as the federal defendants' violations of the
18 Administrative Procedures Act. I will address arguments
19 related to the McGirt decision and why we believe McGirt does
20 not serve to strip the State of jurisdiction over mines in
21 eastern Oklahoma over the Creek lands in question.

22 Your Honor, as this Court alluded to in an earlier ruling,
23 there can be no doubt that the McGirt decision upended the
24 common understanding of the State of Oklahoma held by the
25 State, the tribes, and millions of Oklahomans over multiple

1 generations for more than a century. I do think providing a
2 brief background of several issues raised in McGirt is
3 important and relevant to the issues before the Court today,
4 including the future scope of McGirt.

5 In McGirt, the majority reached its decision
6 notwithstanding the fact that when Oklahoma became a state, the
7 Enabling Act, passed by Congress and signed into law by
8 President Theodore Roosevelt in 1907, welcomed Oklahoma into
9 the union "on equal footing with the original states."

10 The majority in McGirt reached its decision
11 notwithstanding the fact that since statehood at least 21
12 federal statutes have been enacted into law, passed by
13 Congress, signed by the president, that specifically contained
14 the phrase "former Indian reservations in Oklahoma." And the
15 Court reached its decision notwithstanding the fact, as Chief
16 Justice Roberts observed, the five tribes repeatedly and
17 emphatically agreed for more than a century that no
18 reservations exist in Oklahoma, including as recently of 2016
19 when the governor of the Chickasaw Nation, a man who I have the
20 utmost respect for, testified before Congress as he had on
21 other occasions that "There are no reservations in Oklahoma."

22 THE COURT: Have you ever known a federal district
23 judge to overrule the U.S. Supreme Court?

24 MR. LEONARD: We're not asking that, Your Honor.

25 THE COURT: Well, okay. But to clear the air, I

1 think the McGirt decision is a disaster for the State of
2 Oklahoma, but there are other serious issues afoot, as you
3 know. And that brings me to a question.

4 In the final paragraph of the McGirt decision, Justice
5 Gorsuch wrote for the Court that "Congress has never withdrawn
6 the promised reservation." That's at page 2482. In this case,
7 the State's briefs, which are clearly within the category of
8 well-written briefs, consistently refers to the geographic area
9 in question in this case as "the historic lands of the Muscogee
10 Creek Nation." And that incantation is repeated numerous times
11 in the State's briefs. It reads as if there's a horrible word
12 you're trying to avoid, namely, "reservation."

13 Does the State dispute, Mr. Leonard, that the Supreme
14 Court squarely held that the Creek reservation, as established
15 by the 1832 and 1833 treaties, exists as a federally-recognized
16 Indian reservation to this day? Does the State dispute that?

17 MR. LEONARD: Your Honor, the State does not dispute
18 that McGirt is the law of the land. The State does not dispute
19 that the Supreme Court recognized the Muscogee Creek Nation
20 reservation for the very limited purpose of federal major
21 crimes. So we do not dispute that the reservation exists here
22 today for purposes of the federal Major Crimes Act, which is
23 exactly what the Supreme Court said.

24 THE COURT: And there's one part of that that I'll
25 take a little bit of issue with, and I want you to set me

1 straight. Near the beginning of Justice Gorsuch's opinion, he
2 did, as you have said in your briefs and here, have said that
3 "We are asked whether the land these treaties promised remains
4 an Indian reservation for purposes of federal criminal law."
5 And those are probably the five most consequential words in
6 that opinion from the State's perspective.

7 And then in -- with no insult intended to Justice
8 Gorsuch -- over on page 2480, there's kind of what I would,
9 again, no insult, it's kind of a weasely paragraph, where he
10 talks about finally the State worries that our decision will
11 have significant consequences for civil and regulatory law.
12 And then the opinion just kind of proceeds to straddle the
13 fence a little bit, well, it might be this or it might be that.
14 And there may be various reliance interests that can come into
15 play and so forth. All of that said, I see -- on one hand,
16 there's the disclaimer where he wrote at the beginning of the
17 opinion "for purposes of federal criminal law," but I see a
18 rather clear cleavage between that limiting language and, if
19 you will, the holding elsewhere in the opinion, that the
20 reservation still exists.

21 Now you say that that holding and that result are linked
22 and that I should accordingly limit my reading of *McGirt* to
23 purposes of federal criminal law, but obviously it's no news to
24 you that your one albatross around your neck is the fact that
25 the definition of Indian Country in the Major Crimes Act is

1 replicated elsewhere, almost verbatim, in Section 1291, in
2 terms of a definition of Indian lands. How do you avoid a
3 decision based on the holding that the reservation still exists
4 to this day, as I believe you have acknowledged now? How do
5 you avoid that holding seeping its way into the statutory
6 subject matter of this case, based only on Justice Gorsuch's
7 opening comment, but here we're talking about federal criminal
8 law? I'm not sure that that disclaimer gets you as far as you
9 need to go, but this is your chance to help me on that.

10 MR. LEONARD: Your Honor, I understand the points the
11 Court is raising. I think it's important to understand what
12 McGirt is and what it isn't, including what the issues were
13 that were before the Supreme Court in McGirt. Before the
14 Supreme Court in McGirt, the State took the position, which was
15 consistent with the position of the State, Congress, tribal
16 leaders, non-tribal leaders alike, for over a century that the
17 reservations had been disestablished. McGirt was a
18 disestablishment case, there was no alternative argument raised
19 before the Supreme Court, the City of Sherrill case, which is,
20 we believe, is explicitly on point as an alternative argument.
21 Our view is, Judge --

22 THE COURT: The gist of the alternative argument
23 being what?

24 MR. LEONARD: Being exactly what Justice Gorsuch said
25 in the majority opinion in McGirt, we are asking this Court to

1 follow the majority opinion in McGirt. And that is, A, it's
2 limited to major crimes, but, B, the majority opinion, Justice
3 Gorsuch explicitly said, in response to the concerns of the
4 dissent, because the concerns of the dissent -- you read the
5 dissent, and it looks like the sky is falling. And, indeed,
6 that is the very concern of the State as we appear here in
7 court today. But Justice Gorsuch himself basically said in
8 effect the concerns of the dissent are misplaced because there
9 are equitable doctrines available to the State on a case-by-
10 case basis. He identified those other legal doctrines to
11 include procedural bars, res judicata, laches, statutes of
12 repose. The Court need look no further than the City of
13 Sherrill case, which is a 2005 U.S. Supreme Court decision,
14 eight-to-one decision, written by Justice Ruth Bader Ginsburg,
15 in which the court allowed the State of New York to continue to
16 exercise its sovereignty and jurisdiction over Indian Country
17 lands. In the City of Sherrill case, the lands involved the
18 Oneida Indian Reservation.

19 THE COURT: In that case were the plaintiffs running
20 flat up against federal statutory law?

21 MR. LEONARD: In the Sherrill case -- the Sherrill
22 case involved taxation, but the Sherrill case was broadly
23 written and recognized not only laches, acquiescence and
24 possibility, but other federal equity doctrines in the concept
25 of Indian law. And here, Your Honor, the law we're running up

1 against, obviously, as the federal defendants are arguing, is,
2 well, we've got a federal statute here, we're tied to the
3 federal statute. But what the federal defendants are ignoring
4 is that particularly in instances involving Indian law, the
5 U.S. government is subject to a defense of laches. In the
6 Cayuga Nation v. Pataki case, the court, the Second Circuit,
7 identified three factors, and I'm getting to them, three
8 factors where the United States is subject to a laches defense.
9 This was also an Indian law case, and it also involved a
10 federal statute, the federal Nonintercourse Act. The Second
11 Circuit in the Cayuga Nation v. Pataki case says the U.S. is
12 subject to laches in three instances. One, when it's an
13 egregious case; two, when the statute of limitations doesn't
14 apply; and, three, when the U.S. is intervening to vindicate
15 the interests of an Indian nation. The State doesn't have to
16 meet all three of those instances, only one. And so you look
17 at those factors and apply them to what we're looking at here.

18 One, is this an egregious case? The federal defendants
19 are seeking to dislodge the State of its jurisdiction over
20 mines in the Creek lands, but we know there are other cases
21 pending. In effect, the State is going to lose its
22 jurisdiction over mining in all of eastern Oklahoma. And as
23 the Court is well aware, this is not the only challenge in the
24 civil space.

25 THE COURT: I'm going to ask you to slow down just a

1 bit, please.

2 MR. LEONARD: Sorry, Judge.

3 This is not the only challenge that we have in the civil
4 space. Obviously, these issues aren't before this Court today,
5 but the State currently has 5,000 tax protests and exemption
6 applications pending before the Oklahoma Tax Commission filed
7 by Native Americans saying they don't owe income taxes in
8 Oklahoma because they live in the eastern part of the state.
9 We've got regulatory challenges, we have the Environmental
10 Protection Agency, who several weeks ago sent notice to the
11 State that, well, now in eastern Oklahoma we're going to
12 require tribal consent to spend the State's superfund dollars.
13 So these civil challenges are everywhere, Judge.

14 And what makes this case subject to the City of Sherrill
15 and the application of the equitable doctrines is the exception
16 identified in the Cayuga Nation case v. Pataki, which says the
17 U.S. government is subject to laches, because here it's an
18 egregious case, the statute of limitations does not apply, and
19 the federal government is plainly not intervening to protect a
20 sovereign right. This SMCRA statute, which my co-counsel will
21 get into the particulars about, the SMCRA statute is the
22 perfect example of cooperative federalism at work, this is the
23 federal government delegating to the states the right to
24 exercise jurisdiction over mining. This is not a federal
25 sovereign right, the federal government has given that to the

1 states, and they've given it to Oklahoma for almost 50 years.
2 So there's no sovereign right just by virtue of it being a
3 federal statute, that does not -- it does not flow that that
4 automatically is a sovereign right, so --

5 THE COURT: Well, let's focus for a minute on one
6 part of the defendants' comeback on the, if you will, the
7 equitable arguments. On page 25 of the defendants' response
8 brief there is a passage -- and I'm going to leave out
9 citations and quotations and just read the words -- the
10 defendants refer to an equally foundational principle applies
11 more directly: courts of equity can no more disregard
12 statutory and constitutional requirements and provisions than
13 can courts of law. It is a longstanding maxim that equity
14 follows the law. Because an Article III court sitting in
15 equity remains bound to a federal statute's text, the Court
16 cannot ignore SMCRA's jurisdictional mandate regardless of any
17 equitable and practical concerns asserted by the State.

18 And as if that were not enough, over on the next page the
19 defendants cite another Supreme Court case to the effect that a
20 court sitting in equity cannot ignore the judgment of Congress,
21 deliberately expressed in legislation and cannot choose not to
22 enforce a federal statute.

23 And so, again, that proposition could make a difference in
24 this case because -- and we can come back to this if need be --
25 it may well be that the State is running headlong into some

1 clear statutory language defining what the federal agency is
2 empowered to do with respect to mining or reclamation
3 activities and clear statutory language defining Indian lands
4 for purposes of the Surface Mining Act. So if I conclude that
5 the statutory language is unambiguous, how do you avoid the
6 effect of the passages that I just read?

7 MR. LEONARD: Your Honor, the passages that you read,
8 one was from the Sanders case, which involved a truth-in-
9 lending case; the Safe Streets case, cited by the federal
10 defendants, as a recreational marijuana case out of Colorado;
11 and the last case, the Oakland Cannabis Buyers Co-op, is also a
12 marijuana case. Your Honor, none of those cases involve Indian
13 law. Indian law is its own animal, my words. Oklahoma has
14 always been unique, Congress has treated Oklahoma as unique, I
15 spent four years in the 90s working as a young staff person,
16 worked on these issue. Oklahoma was always treated differently
17 than other states. So in the instance of Indian law, the
18 Second Circuit, applying Seventh Circuit authority, has made it
19 clear that the United States is subject to a laches defense,
20 and that's how we believe this Court gets around the language
21 that you just cited.

22 When it comes to Indian law, the United States cannot sit
23 back on its hands for 50 years. The United States is charged
24 with knowing the law. The McGirt decision didn't create new
25 law, you read Justice Gorsuch's opinion, he says, well, this

1 has been the law and everybody has been doing it wrong for over
2 a century, but it's always been the law. The federal
3 government, since 1977, when SMCRA became law, has been charged
4 with knowing that the Creek Nation Reservation existed, whether
5 it be for the purpose of federal major crimes or otherwise.
6 And so they're charged with that. They've waited 50 years and
7 now they're coming in because of the McGirt decision in which
8 the court said two things, A, limited only to the federal major
9 crimes and, B, no reason to have concern about an unwarranted
10 expansion, those concerns are "misplaced." That is Justice
11 Gorsuch's own words. The concerns are misplaced, because the
12 State has these obvious equitable defenses that are embodied in
13 the City of Sherrill case.

14 THE COURT: And he also said, in effect, they might
15 or might not work, and if they don't work, that's tough. He
16 basically said that.

17 MR. LEONARD: I'm more of an optimist, Judge. At
18 least, that's how I read it. I read the majority decision to
19 say that, you know, that these are going -- if this is not a
20 limited decision, we're going to consider this case by case.
21 And this is one of those cases, obviously, Your Honor.

22 THE COURT: Okay. While we're on the subject of
23 statutory language, as we're all well aware, going to Section
24 1291, specifically subdivision 9, really parroting the Major
25 Crimes Act, subdivision 9 of Section 1291 says: "Indian lands"

1 means all lands, including mineral interests, within the
2 exterior boundaries of any Federal Indian reservation. And
3 then it goes on with some more elaboration.

4 Does the State dispute that the land involved in this case
5 does qualify as Indian land under SMCRA?

6 MR. LEONARD: Your Honor, the State does not concede
7 that the lands in question qualify as Indian lands. And this
8 is part of the argument I prepared, but it is not in the
9 briefing and the reason it's not in the briefing is because
10 this is the early stage of the case, but looking at 30 U.S.C.
11 Section 1291 subparagraph 9, the definition of Indian lands
12 says that the lands, as the Court said, is within the
13 boundaries of any federal Indian reservation. "Federal Indian
14 reservation" is not a defined term in the statute. Since the
15 filing of this case and since the filing of the briefs, the
16 State has done a little bit of research, this is not before the
17 Court today, this is not essential to the relief we're seeking
18 today, but if you -- because it's not a defined land, we
19 thought, well, what does the U.S. Department of the Interior
20 think "federal Indian reservation" means? So if the Court were
21 to go to the website of the U.S. Department of the Interior, if
22 the Court would allow me, I'd like to share what the Department
23 of the Interior thinks the "federal Indian reservation" means.

24 THE COURT: Well, I'll hear you. I'm going to ask
25 you to read slowly if you're going to read, it's always

1 tempting to read fast. I'm going to ask you to read slowly.
2 I'm going to hear you and, obviously, if this is a new
3 argument, there are some limitations on how far we can go with
4 that today, but with that understanding, I'll hear you.

5 MR. LEONARD: And I'll read slow, Judge.

6 So this is not an argument that's in the briefs. We are
7 not advancing this argument today, but in direct response to
8 your question, do we concede these are Indian lands, here is
9 why we do not.

10 The Department of the Interior, on their own website, says
11 a federal Indian reservation is an area of land reserved for a
12 tribe or tribes under treaty or other agreement with the United
13 States executive order or federal statute or administrative
14 action as permanent tribal homelands. And where the federal
15 government holds title to the land in trust, the land in trust
16 on behalf of the tribe.

17 So according to the Department of the Interior's own
18 definition of "federal Indian reservation," the land in
19 question has to be held by the federal government in trust on
20 behalf of the tribe. And, Your Honor, the problem we have with
21 respect to the Creek lands in question here is that according
22 to the Muscogee Creek Nation's website, the Creek Nation
23 Reservation consists of 7,000 square miles, which equates to
24 roughly four and a half million acres. Of those four and a
25 half million acres, as of October 2019, 8,148 acres are held in

1 trust. That is less than 1/100 of 1 percent of the Creek
2 Nation Reservation recognized in McGirt is held in trust. So,
3 that fact, those are the facts as we understand them, that does
4 not jive with the Department of the Interior's own definition
5 that's on their website under frequently asked questions of
6 what they consider a federal Indian reservation to be. So,
7 Your Honor, that is why we do not concede that point.

8 THE COURT: You may continue.

9 MR. LEONARD: And, Your Honor, the reason -- I was
10 not trying to deliver a broadside to Justice Gorsuch's majority
11 opinion, but I do think, as we think about what McGirt looks
12 like moving forward, assuming McGirt remains the law of the
13 land and consistent with Justice Gorsuch's statement in the
14 majority opinion, this is going to be a case-by-case analysis.
15 I do think some of these background facts, the common
16 understanding that everybody had for over a century, the
17 Enabling Act, the understanding of Congress, which, though I
18 may believe it to be unambiguous, others did not, obviously.
19 But I don't think that those issues are completely irrelevant
20 to this Court's consideration. So we're not trying to question
21 the decision, but I think, as we think about what McGirt looks
22 like moving forward, those are relevant issues, we believe,
23 Your Honor.

24 Along the same lines, if I could just briefly share what's
25 going on with respect to McGirt as the Court considers this

1 specific case involving mines in eastern Oklahoma. And as the
2 Attorney General, who is here today, is well aware, there can
3 be no dispute that since July 2020, McGirt has substantially
4 and negatively impacted law enforcement and public safety in
5 eastern Oklahoma. The challenges created when a State loses
6 jurisdiction overnight of all crimes involving Native American
7 defendants and victims in 43 percent of its territory that is
8 home to 1.9 million Oklahomans, there's no dispute that those
9 challenges are both immense and, in many cases, tragic.

10 What is before this Court today is the fundamental issue
11 of whether McGirt will be confined to the federal major crimes,
12 that's how we read the decision, or whether the decision will
13 be expanded and new and unprecedented ways.

14 As I said, the majority dismissed the fears of McGirt
15 seeping into the civil realm as misplaced due to the
16 availability of the equitable defenses recognized in McGirt
17 itself, the City of Sherrill, and the City of Sherrill's
18 progeny. The federal defendants -- and this is an important
19 point -- themselves recognized and acquiesced in McGirt being
20 limited to federal criminal jurisdiction only for almost a year
21 after the McGirt decision came down. It even approved a full
22 year of funding in December 2020. Almost six months after the
23 McGirt decision came down, in December of 2020, the federal
24 defendants approved an entire year of funding under SMCRA for
25 the State. It had six months to think about it.

1 THE COURT: Wasn't it late 2020 that it landed in the
2 lap of the Solicitor in the Department of the Interior?
3 Oklahoma wrote a letter, the Solicitor said I'll get to it when
4 I get to it and then the Solicitor finally got to it?

5 MR. LEONARD: My understanding is -- and we have the
6 Solicitor here.

7 THE COURT: No, no, I'm talking about the --

8 MR. LEONARD: Wrong Solicitor.

9 THE COURT: Wrong Solicitor.

10 MR. LEONARD: My understanding, Your Honor, is that
11 the State received notice in the spring of 2020. I don't
12 specifically know whenever the U.S. Solicitor received --

13 THE COURT: You mean the spring of 2021.

14 MR. LEONARD: The spring of 2021. That's when the
15 State received notice that, no, we're going to broaden the
16 reading of McGirt, and we're going to take away the State's
17 funding under SMCRA.

18 THE COURT: You may continue.

19 MR. LEONARD: Your Honor, the federal defendants,
20 through their actions, seek not only the strip the State of its
21 regulatory jurisdictions over mines in much of eastern
22 Oklahoma, but the State believes their actions represent a much
23 more serious threat, the kind of which no state in this union
24 has ever been subjected to by any act of Congress or court
25 since the founding of the republic. The actions of the federal

1 defendants, if carried to their logical conclusion, represent a
2 threat aimed at the very sovereignty, the very soul of
3 Oklahoma, as our state has existed for over a century. A state
4 that four million Oklahomans, tribal and non-tribal, now call
5 home.

6 If successful here, the efforts to expand McGirt will be
7 energized and widespread. There are some who have already
8 provisionally proclaimed the State of Sequoyah, a concept that
9 was firmly rejected by President Roosevelt and Congress in 1907
10 when Oklahoma became a state. Mining regulation is under
11 assault here, but broader challenges in the civil arena are
12 building steam. I mentioned the tax protests, sales and
13 property tax challenges have been filed, I mentioned the EPA's
14 effort to seek to require the State to obtain tribal consent
15 before spending our superfund dollars, an effort the State has
16 resisted. All of these efforts, and they will grow, have two
17 things in common: One, they seek to broaden a narrow opinion
18 on its face into something that it is not; and, two, they turn
19 a blind eye to the binding U.S. Supreme Court precedent in *City*
20 *of Sherrill* and in *McGirt*. The *McGirt* majority pointed exactly
21 to the equitable defenses available to the State here, which
22 the federal defendants are subject to, based upon the *Cayuga*
23 *Nation* case and other -- and the subsequent *Oneida*, a Second
24 Circuit case.

25 Your Honor, as a -- personally, as I think about this, I

1 come from a family of lawyers. And as a young law student, I
2 had a family member tell me, he says, when in doubt about the
3 law, always go with what makes sense. The law almost always
4 makes sense is what I was told. And in my legal career, that
5 has held true.

6 Here, the State believes with respect to McGirt, there are
7 at least two paths forward, each of which are the law and each
8 of which make abundant sense and that is, as I've said, Your
9 Honor, the Supreme Court's decision in McGirt, by its very
10 words, the Supreme Court went out of its way to limit the scope
11 of McGirt only to the federal major crimes, the question before
12 it, and, secondly, the City of Sherrill, equitable defenses.
13 And if the Court -- I'm sure the Court has read that case.
14 Reading that case, it sounds a whole lot like what we are
15 facing here in Oklahoma.

16 Your Honor, with respect to the State's --

17 THE COURT: Well, in the City of Sherrill case or in
18 the Sherrill case, I think -- and I don't know what -- I
19 certainly don't want to speak for the defendants, but that
20 involved issues as to the status of land that had been
21 privately owned for -- almost for eons, privately owned in
22 non-Indian hands for a very long time and, in this case, the
23 land we're talking about has definitively been found to be an
24 Indian reservation. So there's, if you will, that antecedent
25 element of uncertainty that was present -- that the Court

1 wanted to avoid and in which the Court found decisive in
2 Sherrill seems to me, perhaps, not to be present to the same
3 degree here, because now we have a definitive holding by the
4 Supreme Court that what -- in your briefs you talk about the
5 lands within the boundaries of the historic Creek Nation is in
6 fact an Indian reservation that was not disestablished.

7 So I'm not sure that you get as much mileage out of
8 Sherrill as you might be suggesting because of the historical
9 facts that were before the Court in Sherrill, those
10 northeastern tribes, a lot of non-federally-recognized
11 northeastern tribes, over a couple of decades, came up with a
12 lot of arguments that we really own this land that had been in
13 non-Indian hands for not just a hundred years, but hundreds of
14 years. And that troubles me just a bit in terms of, with a
15 wave of the hand, picking up equitable defenses based on
16 Sherrill. Where here, we've got a definitive holding that this
17 land is a reservation and has been for over a hundred years.

18 Can you help me on that?

19 MR. LEONARD: Your Honor, the land in Sherrill was
20 the same -- it was also recognized as Indian Country under 18
21 U.S.C. 1151. I read the facts of Sherrill to be analogous in
22 Sherrill. In the late 1700s, the tribe started selling its
23 land, the tribal members started moving away, it's an
24 oft-repeated story, it's not a pleasant story, in many
25 instances it's a tragic story but has happened all over the

1 eastern seaboard, the tribal members moved west, but everybody
2 in Sherrill recognized that the Oneida Indian Reservation was
3 never actually disestablished, that was never in question. The
4 Second Circuit held that the land in Sherrill was within the
5 Oneida Indian Reservation. Everybody may have forgotten about
6 it, but it was never disestablished, so that was not in
7 dispute. In McGirt, the question was, were Oklahoma's
8 reservations disestablished or were they not? But in Sherrill,
9 everybody recognized that the reservations were not
10 disestablished. So, you know, fast forward 200 years, which is
11 only -- you know, in Oklahoma we've been a state for 114 years
12 or maybe 115 years now, so 100 years, 200 years, at some point.
13 You know, it's all about the same. Fast forward to the late
14 1990s, the tribe comes back in, buys land within the City of
15 Sherrill, everybody knows this is within an Indian reservation.
16 So in McGirt, McGirt may have recognized the reservations, but
17 in Sherrill they were already recognized; everybody knew it was
18 an Indian reservation. The Second Circuit said this is 18
19 U.S.C. 1151 Indian Country land. Tribe buys the land, very
20 predictably tells the City of Sherrill and the State of New
21 York you can't tax us, Indian-owned land within a Native
22 American reservation that's not been disestablished, everybody
23 agrees. In an eight-to-one decision, even though this is
24 Indian land, the same land -- so to answer the Court's
25 question -- it's the same land in Sherrill as what we're

1 dealing with in eastern Oklahoma here. 18 U.S.C. 1151 Indian
2 Country Justice Ginsburg eight-to-one decision, I would argue
3 you read the facts of Sherrill, that makes what we're dealing
4 with look like child's play. I mean, in Sherrill, it was a few
5 parcels of land being taken off the tax rolls. Here, we're a
6 modern-day state in this union who stands to lose much of its
7 sovereignty over half of our territory. It makes no sense,
8 Your Honor, but it's not -- that does not have to be the
9 result. And, in fact, McGirt says that's not going to be the
10 result, those concerns are misplaced.

11 So the facts in Sherrill are exactly analogous to our
12 facts here, Indian Country land in Sherrill, Indian Country
13 land in eastern Oklahoma, equitable defenses apply, United
14 States is subject to laches, Your Honor, that's the path
15 forward as far as the State is concerned.

16 THE COURT: While you're paused, let me ask you
17 another question on a little bit different subject.

18 Obviously, this case was filed several months ago. The
19 State's opening brief was -- and motion and opening brief was
20 filed before the end of August, and there are some affidavits,
21 obviously, and supplemental affidavits, that go to, among other
22 things, who is, in fact, regulating surface mining in Oklahoma
23 at this time. And the facts may have evolved a bit, but let me
24 ask you this: In the State's supporting affidavits,
25 summarizing, the State tells me that it has funded the

1 regulatory program through 2021 by way of a loan from another
2 State agency, while the federal agency claims that it has
3 already made site inspections of the area. Confining
4 ourselves, now, to just the Creek reservation, the Muscogee
5 Creek reservation, who is actually doing the regulating and
6 inspecting and responding with respect to surface mines in that
7 geographic area? Has that, by way of facts on the ground, has
8 that now passed to the federal agency or does the State -- is
9 the State still active?

10 MR. LEONARD: Your Honor, the State remains active.
11 I'll let my co-counsel, Mr. Lin, address some more of the
12 specifics. And hopefully I don't have a misunderstanding of
13 this. My understanding is the State continues to regulate
14 mines. To this day, the State has advanced a loan to the
15 departments to continue that effort through the end of this
16 month. There were certain notices that had to be given to the
17 employees in mid-November, but sitting here today, the State
18 continues to exercise its jurisdiction and that has not been
19 disturbed.

20 THE COURT: I'm talking about the physical activity,
21 if you will, of inspecting, citing violations. If Mr. Lin is
22 prepared to address that, then I'll wait until he's at the
23 lectern.

24 MR. LEONARD: Your Honor, my co-counsel, they can add
25 some additional detail, but my understanding is the State is

1 continuing to exercise that function.

2 THE COURT: Very well. I'll inquire of Mr. Lin on
3 that.

4 MR. LEONARD: Your Honor, I've addressed the -- the
5 Court obviously has the Sherrill decision at its disposal, I
6 would just identify three Sherrill factors that the Court
7 raised. One was -- and these are factors that would be
8 considered in applying these equitable defense. One is the
9 length of time that has elapsed, in Sherrill it was 200 years,
10 in Oklahoma it was 114 years. Teddy Roosevelt was president,
11 this is four years after Orville Wright, about the time of the
12 Model T, that was a long time ago, and the State has exercised
13 its jurisdiction for over a century to regulate mines, and
14 under SMCRA, since 1977, so it's been a long time.

15 The disruptive nature of the claim. Your Honor, I can't
16 imagine what would be more disruptive than the federal
17 government coming in and supplanting the jurisdiction of the
18 State over a large portion of its territory. This case
19 involves the Creek Nation, but we know that there are other
20 pending cases with similar facts, so the State is looking at
21 losing potentially jurisdiction over much of its territory as
22 it relates to mines and where do we draw the line? The
23 majority in Sherrill said concerns are misplaced, equitable
24 defenses available. Where do we draw the line, Judge? I mean,
25 the Sherrill decision says we're not going to have any

1 unconscionable results.

2 Your Honor, taking the State's jurisdiction away over the
3 mining program, a program that Congress made the explicit
4 decision to give to the states. As I said, this is cooperative
5 federalism in action, this isn't a federal interest, this isn't
6 a sovereign right. The federal government gave up that right
7 to the states, and we've been doing it very well for 50 years,
8 almost, so disruptive nature of the claim, we meet second
9 Sherrill element as well.

10 And then, lastly, the third Sherrill element is the degree
11 that the justifiable expectations are disrupted. Your Honor,
12 as I think about this, I mean, justifiable expectations,
13 getting back to the point I raised earlier, some of the issues
14 before the Court, I think the expectations of the State and the
15 tribes and Congress and everybody for more than a century was
16 that the State of Oklahoma, when it entered the union in 1907,
17 it entered the union on equal footing with their sister states
18 and it's the State's sovereignty to exercise, it's not the
19 federal government's sovereignty to exercise, it's not the
20 tribe's sovereignty to exercise.

21 My grandfather spent 95 years -- he was born 11 months
22 before statehood in Oklahoma territory -- much of that time as
23 a lawyer, practicing law in the panhandle during the dirt storm
24 years. He thought we lived in a state. Everybody since
25 statehood has thought we've lived in a state, the tribes

1 included, including as recently as five years ago. So what are
2 those justifiable expectations? I think people in eastern
3 Oklahoma and in western Oklahoma, for that matter, they had a
4 right to expect that they had -- they lived under the
5 sovereignty and certainty that state jurisdiction allows.
6 That's exactly what the federal government is trying to take
7 away through their actions.

8 So, Judge, we think the facts of Sherrill are spot on. We
9 think the decision is narrow, limited only to the federal major
10 crimes, but if the Court says, well, yeah, but look at this,
11 this is a reservation, so how do you narrow it? The
12 authorities are replete that every tribe is different, every
13 treaty is different. The McGirt decision only pertained to the
14 Creek Nation territory. The majority opinion in McGirt only
15 said this is -- they went out of their way to say this is
16 limited to the federal major crimes. They didn't say that
17 they're going to take away much of the sovereignty of our
18 state, so we think Sherrill is spot on. And if the Court were
19 to say, well, we just can't interpret this decision narrowly,
20 we believe it should be, but if the Court says it can't, well,
21 then Sherrill, in our view, is the answer for Oklahoma moving
22 forward, whether it's on mining, taxation, regulation. The
23 Supreme Court has made it clear that the states aren't going to
24 lose their jurisdiction in situations like this, where it's
25 unconscionable that the State would.

1 Your Honor, that concludes my presentation.

2 THE COURT: Very well. I'll hear from Mr. Lin.

3 Welcome, Mr. Lin. My first question will be no surprise
4 since I approached this with Mr. Leonard.

5 Basically, who is minding the store, as we speak?

6 MR. LIN: The short answer is the State is still
7 attempting to do so. So we have funded both agencies that
8 we're talking about, OCC and ODM, with State funds. Some
9 employees have been offered early retirement packages that they
10 wouldn't otherwise have been offered, and they have accepted
11 and left, but the programs are still active. There have been
12 some -- there's some overlap as the federal government has
13 attempted to assert their jurisdiction. For example, they have
14 limited our access to an electronic database that allows us to
15 make changes to permits and things of that sort, so there are
16 things that we just can't do, but we are attempting to continue
17 to regulate with State funds in that space.

18 THE COURT: Well, are there any, for instance, any
19 bond releases that are in process now that the State is
20 executing?

21 MR. LIN: I don't think there's anything that's
22 happened in the past few months. There is the one that -- the
23 one permit that was discussed in the declarations that's in the
24 reclamation process, but none of those bonds have been released
25 in the time that this motion has been pending.

1 THE COURT: Has the federal agency told the State
2 that it may not purport to release bonds?

3 MR. LIN: I think the letters that they sent to us
4 can be fairly read that way. They say do not do things like
5 release the bonds. And, Your Honor, if I may, I'll get back to
6 the bond issue when we talk about irreparable harm, because the
7 government's main focus on the question of irreparable harm is
8 that they're concerned we're going to release these bonds. Not
9 simply release them, but release them in a situation that would
10 result in environmental harm. And there's, of course, not a
11 single piece of evidence in the record that the State has ever
12 irresponsibly released a bond under the SMCRA program in the 40
13 years that we've been doing this.

14 THE COURT: One more question before I allow you to
15 get to what you intended to stay.

16 MR. LIN: Of course.

17 THE COURT: On page 11 of the State's opening brief,
18 the State asserts that the federal agency has instructed the
19 Oklahoma Department of Mines to continue with inspections and
20 enforcement. Has the federal agency formally retracted that
21 request?

22 MR. LIN: As I understand their position, they
23 instructed us in these letters, which are Exhibits 1 and 2 to
24 the complaint, to continue to do those kinds of things,
25 inspections and administrative things, but not undertake

1 actions like releasing bonds.

2 Their position, I believe, is that that transition period
3 has ended and that they are now undertaking the inspections
4 but, again, we continue to try to perform as many functions as
5 the State is able to perform.

6 THE COURT: Very well. And if the defendants wish to
7 suggest otherwise, I will certainly welcome any representations
8 on that score. Obviously, by stipulation we're not here for an
9 evidentiary hearing, so we can't get too far down that road if
10 there's any inconsistency in factual representations. But,
11 nevertheless, I would be curious as to what the defendants have
12 to say.

13 So with that, Mr. Lin, you can tell me what you planned to
14 tell me.

15 MR. LIN: Thank you, Your Honor. I do have one other
16 preliminary point. You had asked my colleague, Mr. Leonard,
17 about the communication between the State and the Solicitor's
18 office and when that started. In the supplemental
19 declarations, Exhibit 2, which is the supplemental declaration
20 of Robert Toole, he does attach his e-mail correspondence with
21 Alfred Clayborne, who was with the federal government, that
22 communication started in July of 2020. So the State reached
23 out to the department and said, hey, McGirt has come down, do
24 you guys have a view on how that affects the mining programs?
25 And so they were on notice at that point. We asked them the

1 question, and they did not take any step to try to take that
2 away from us until we received, first, the letters on April
3 2nd, and then, of course, the federal register notice on May
4 18th, the following spring.

5 But as Mr. Leonard said, my focus is going to be the
6 merits of our APA and SMCRA arguments. And so even if you are
7 not persuaded by Mr. Leonard's points on McGirt and Sherrill,
8 we believe these are further independent flaws with the
9 government's actions here on which we are likely to succeed.
10 And then, Your Honor, at the very end, I will cover the
11 remaining PI factors, irreparable harm, balance of harms and
12 public interest.

13 So I would like to start with SMCRA. And I think it's
14 important to clarify the scope of what the government is
15 arguing here. They are not simply contending that if the Creek
16 lands constitute Indian lands under SMCRA that the State has no
17 power to implement SMCRA. They are going further than that.
18 They are saying that the State has no power whatsoever, that we
19 are entirely preempted from regulating mining or reclamation in
20 these areas. And that's clear from their brief, page 18, where
21 they say that SMCRA unambiguously assigns the Secretary
22 exclusive authority to regulate surface mining coal operations
23 and to conduct AML reclamation on those lands. That's not
24 limited to the implementation of SMCRA. And furthermore, Your
25 Honor, as you know, they've filed counterclaims in this case.

1 And their second counterclaim is seeking an order preliminarily
2 and permanently enjoining us from regulating in whole or in
3 part surface coal mining and reclamation operations such as by
4 running the State's SMCRA program, but that's not the only
5 thing that they're trying to preempt. They want to preempt all
6 state laws that regulate surface mining. And here is the
7 problem with that, that's not what SMCRA says. SMCRA does not
8 categorically bar states from enforcing even their own state
9 laws concurrently or over the top of the federal government on
10 Indian lands.

11 And I think there are three provisions that I would draw
12 your attention to. The first is 30 U.S.C. 1255, SMCRA has a
13 robust savings clause, which the government doesn't even
14 acknowledge in their brief, that allows states to continue to
15 regulate if its laws are as strict or stricter than federal
16 law. 30 U.S.C. 1255.

17 And it actually says the Secretary shall set forth any
18 state law or regulation which is construed to be inconsistent
19 with this chapter in the sense that it is less strict than
20 federal standards.

21 The second provision I think that's important here, is 30
22 U.S.C. 1300. And that's the provision that speaks directly to
23 the regulation of surface mining on Indian lands. Nothing in
24 that provision, Your Honor, if you read the text of it, either
25 bars states from regulating independently on Indian lands or

1 grants the federal government exclusive authority to do so. It
2 simply says, and this is a quote, "All surface coal mining
3 operations on Indian lands shall comply with requirements at
4 least as stringent as those imposed by" and then there's a list
5 of sections in the U.S. Code "and the Secretary shall
6 incorporate the requirements of such provisions in all existing
7 and new leases issued for coal on Indian lands." It gives the
8 Secretary the power and responsibility to incorporate those
9 standards into leases, but it does not give the Secretary
10 either exc- -- any authority, much less exclusive authority, to
11 enforce surface coal mine regulations and laws on Indian lands.

12 And then the third provision is 30 U.S.C. 1254(g). Now,
13 that's an analogous context where the federal government
14 disapproves an existing state program on state land, but here
15 is why I bring it up: So in the analogous context, if we had a
16 state program that's just running on undisputed state land, not
17 Indian land, and the federal government says you're doing a bad
18 job, we're going to take that power away and come in with a
19 federal program, that provision, 30 U.S.C. 1254(g), does
20 provide that the federal government can selectively preempt
21 state laws, but it specifically puts a burden on them and says
22 that state laws can then be preempted only insofar as they --
23 and this is a quote, "interfere with the achievement of the
24 purposes and the requirements of this chapter and the federal
25 program." And then it goes on to say, "The Secretary shall set

1 forth any state law or regulation which is preempted and
2 superseded in this way." And the federal government has done
3 nothing close to that here. They've simply come in with a
4 sweeping decree that the State cannot continue to regulate in
5 this space.

6 Now the government points to a regulation, Your Honor --
7 actually two -- 30 C.F.R. 750.6 and 30 C.F.R. 701.4(h).
8 Neither of those gives the Secretary exclusive preemptive
9 authority to get rid of any state laws as applied to Indian
10 lands. And so I think that fundamentally is the problem with
11 their SMCRA argument.

12 Our other alternative argument that I'd like to address
13 before turning to the other PI factor is the APA arguments,
14 which I think the government's briefing is particularly weak.

15 As you know, the APA provides for review of final agency
16 action and requires agencies to engage in reasoned decision
17 making. Even if nothing else, we believe that the decisions
18 here, so even if you don't buy any of our other arguments, we
19 think the OSMRE's decision making here fails the APA's
20 requirements for reasoned decision making.

21 Now there are two questions here that I think needs to be
22 answered that are raised in the briefing. The first is are
23 these decisions reviewable at all under the APA? And the
24 second is, if so, did the government violate the APA?

25 So as to the first, the government takes what we think is

1 a very novel position, and that is that an agency decision that
2 is mandated by law is simply immune from judicial review.

3 Your Honor, there is --

4 THE COURT: Who was the Maryland judge in that
5 Maryland case? Do you remember?

6 MR. LIN: I don't know the name, I'm sorry.

7 THE COURT: I hope it wasn't my good friend Dick
8 Bennett.

9 MR. LIN: I hope for my sake it was not.

10 THE COURT: Okay.

11 MR. LIN: But, Your Honor, there is clearly no such
12 exception. There are a legion of Supreme Court cases, most
13 recently DHS v. Regents, the Weyerhaeuser case from a couple
14 years ago, the Tenth Circuit as well has said there are only
15 two exceptions to judicial review under the APA. First, where
16 a statute bars judicial review, and, second, where agency
17 action is committed entirely to agency discretion, which is, of
18 course, the opposite of what the government is contending here.
19 And indeed, the DHS case that I just mentioned here, Your
20 Honor, you may know, remember it, that was the deferred action
21 for childhood arrivals case, where the government changed their
22 position on that deferred action for deferred deportation. And
23 they said, our position is compelled by law. And the United
24 States Supreme Court gave that close APA review.

25 And of course, Your Honor, as you've acknowledged, for its

1 part the government musters just that one case, an eight-year-
2 old, unpublished, out of circuit district court decision that
3 self-consciously recognized it was going out on a limb. It did
4 not cite a single precedent in support of the position that it
5 set forth.

6 So I think these decisions are clearly reviewable, which
7 leaves the question whether they violated the APA. And I
8 believe they did for two reasons. The first is that the
9 government did not acknowledge or address reliance interests,
10 and Mr. Leonard covered many of the important reliance
11 interests for the State. There are others that we've talked
12 about, including the contractors who have contracted with the
13 State's mining program. The Supreme Court in *DHS v. Regents*
14 says when you change positions, government, you must
15 acknowledge reliance interests. The government claims that
16 it's excused from doing so because it was only following the
17 statute. But, again, Your Honor, I think that *DHS v. Regents*'
18 case is right on point. The Court there said -- the agency
19 there said we are compelled by law to do this, and Chief
20 Justice Roberts said that's not enough, you still need to
21 consider reliance interests. And, in fact, the Chief explained
22 one of the reasons why you need to consider reliance interests
23 is because if there's any room for transitional measures,
24 those are the kinds of things that reasoned decision making
25 requires you to consider. And, as we know, Your Honor, the

1 government here has conceded that a transition period was
2 relevant, it was permissible, they gave us one, at least a
3 month, and then they sat on this decision for a year after
4 McGirt before taking any action. So there is room for
5 considering reliance interests, and that's why they need to
6 talk about it. They need to think about these things, they
7 need to have a conversation with the State about what makes
8 sense, what is the best way to go forward. And they didn't do
9 that.

10 And then the second, Your Honor, is that the government
11 did not respond to any of the arguments made by former Attorney
12 General Hunter until after it had made its decision. And
13 importantly, they don't dispute that they should have responded
14 to those arguments. Instead, they say in a footnote of their
15 brief that they responded in a letter that they sent on June
16 2nd. But, of course, June 2nd is after they had made their
17 decision. There's some dispute about whether the decision was
18 made on May 18th or April 2nd. It doesn't matter, June 2nd is
19 after both of those. And the Supreme Court has said, again,
20 *DHS v. Regents*, it is a foundational principle of
21 administrative law that judicial review of agency action is
22 limited to "the grounds that the agency invoked when it took
23 the action and not post-hoc reasoning that is offered by the
24 agency."

25 THE COURT: Let me divert you to one question and

1 then I'll let you get back to your intended presentation.

2 One thing that nags at me, and this is not to suggest what
3 the outcome is on any of these APA issues, I've carefully read
4 the briefs and actually done some independent research, so I
5 really don't have -- have not reached a conclusion on any of
6 the APA issues, but one thing that nags at me is this: Even if
7 you're right, do those APA issues do anything other than kick
8 the can down the road, in the sense of -- I'm not sure that the
9 State's complaint and briefs present anything that would not
10 ultimately be curable in some way by going back to square one
11 and doing it right, if they've done it wrong.

12 Can you help me on that?

13 MR. LIN: Of course. Two answers to that, Your
14 Honor. The first is, I think it might make the difference, if
15 you agree with us on how we read SMCRA, which is that, even if
16 we cannot implement a SMCRA program, we still have the power to
17 continue to enforce concurrently or over the top of the federal
18 government in that space, and making them go back to the
19 drawing board and engage in this decision-making process in a
20 meaningful way is going to require them to come to the table
21 with us and figure out how do we actually regulate in the space
22 in a way that's consistent with SMCRA. So that's Answer Number
23 1.

24 Answer Number 2 -- so actually three answers, I'm sorry,
25 Your Honor. Answer Number 2 is we think Sherrill is applicable

1 here. We think reliance interests are important and we think
2 it applies, and we think that that's part of the reason for
3 having a reasoned decision-making process, which is that you
4 take input from the interested parties and you consider whether
5 that equitable defense really applies here, and then we can
6 review that, as the Court, based on the record and all of the
7 interested parties having submitted their decisions -- I'm
8 sorry, their interests.

9 And then the third answer, Your Honor, is, as you know,
10 there are whole case reporters full of books -- full of cases
11 where agency decision making is sent back, even if the judge
12 suspects that it may not ultimately make a difference, because
13 the rule of law is important, that's why these rules are here.
14 And an agency has to follow the procedures that are in place
15 because we don't know what they might uncover if they were
16 actually to go through the process as required. So, Your
17 Honor, that covers the merits arguments.

18 As to the remaining issues, irreparable harm, balance of
19 harms and public interest. I think they are easily met on the
20 record here, and I think the best way, at least that I would
21 propose to think about it is this: The question before the
22 Court is whether to issue an injunction to maintain the status
23 quo, so that if the State is right, the State is ultimately
24 right, this program doesn't go through two, possibly more than
25 two, unnecessary transitions. We're sort of seeing that

1 already, gets transitioned over to the federal government, and
2 if it turns out we're right, it's going to get transitioned
3 back to the State. And then on the flip side, if the
4 government is right, it will just have to wait a little while
5 longer to get its hands on the mining regulation in this state,
6 and we know it's already waited a year since the McGirt
7 decision. What is another three to six months or however long
8 it will take this Court to rule on summary judgment after
9 granting a preliminary injunction motion?

10 And so I think if you take that as the overarching
11 framework for understanding what we're asking for, then the
12 question is, in addition to that, what are the harms on either
13 side? I think the State will clearly be harmed if the status
14 quo is changed. We will be stopped from enforcing State law,
15 and that is a paradigmatic irreparable harm that courts have
16 recognized over and over again, enjoining a state -- stopping a
17 state from enforcing its own sovereign laws is an irreparable
18 harm. But then there are others. As I mentioned, we've
19 already lost some experienced employees who we may not be able
20 to get back. They move on. They do other things with their
21 lives, and they have dozens of years of experience, and we
22 can't put that Humpty Dumpty back together again once they've
23 left. And, of course, we will incur expenses, we already are,
24 that we cannot recover.

25 Now, the government says if we ultimately prevail, we can

1 submit a request for more grant funding, sounds like maybe
2 back -- to backfill what we paid. But in the same breath they
3 say that they retain discretion over what to award, so there's
4 no guarantee that they're actually going to pay us back for the
5 period in which we've been incurring our own expenses.

6 And then, the other hand, I don't think the federal
7 government has shown that there will be any harm in maintaining
8 the status quo. As I've already mentioned, they sat on this
9 issue for a year, and then they lean primarily on this idea,
10 Your Honor, that we talked about right at the outset, that we
11 might release bonds -- and not just release them, that's not
12 their objection -- it's that we might release them and leave
13 the -- in a situation where the area is environmentally unsafe,
14 and that the government will then have to incur their own costs
15 to reclaim the area in a way that is environmentally safe.
16 There is not a shred of evidence in the record that Oklahoma
17 has ever, ever done that, that the federal government has ever
18 objected to any bond release because it has left the area in an
19 environmentally unsafe or unsound way. So it's pure
20 speculation, which, again, is hornbook law, does not constitute
21 irreparable harm.

22 And, then, as for the money that they might lose, they've
23 said that if we provide -- continue to provide funding during
24 the preliminary injunction period that they're going to have to
25 go and get that money back. They haven't asked for the money

1 back for the year since July of 2020. They've argued that
2 McGirt is self-executing here, and that they're mandated to
3 take over the program, so why is another three months any more
4 harmful than the last year or for that matter the last 40 years
5 that the State has been regulating in the space, they haven't
6 asked for that money back either.

7 And then I do need to mention very briefly the question of
8 bond, because I know the Tenth Circuit says the district court
9 must consider the question of bond. But what the Tenth Circuit
10 has also said is that a bond is not necessary where there is no
11 real concern about loss, and for the reasons I've mentioned, I
12 don't think there is a real valid basis for the only argument
13 the government makes is that they're concerned we might release
14 \$7 million in bonds, and that they'll have to incur that
15 expense to reclaim it in an environmentally safe way and,
16 again, there's not a shred of evidence that that is something
17 that the State has done or will do.

18 THE COURT: Thank you, Mr. Lin.

19 MR. LIN: Thank you, Your Honor.

20 THE COURT: We've been going a little over an hour,
21 and I think perhaps before I hear from the defendants we should
22 take a break. So let's be guided by the clock on the wall and
23 plan on resuming at five minutes till three. Court will be in
24 recess.

25 (RECESS HAD.)

1 THE COURT: Welcome again. We're continuing in Civil
2 21-719, State of Oklahoma and others vs. U.S. Department of the
3 Interior and others.

4 Before we get to the defendants' presentation, let me
5 direct one additional question to plaintiffs' counsel. I
6 suspect this would be Mr. Lin, but could be Mr. Lin or
7 Mr. Leonard, one or the other. There was some reference made
8 to concurrent state and federal jurisdiction, which is kind of
9 a, if you will, a bit of a curiosity to me, specifically in
10 terms of how concurrent state and federal jurisdiction would
11 work in practice, especially in light of the fact that the
12 State program has been historically, as I understand it,
13 primarily federally funded. I don't hear the federal agency
14 stepping up to suggest that they would fund the State's piece
15 of the action, if you will, if there were concurrent state and
16 federal jurisdiction. So how would that work in practice?

17 MR. LIN: A couple of answers, Your Honor. So I
18 think it's difficult to know how it would work in practice, but
19 so the first answer is, not just in theory, in practice that
20 happens all the time. The Clean Air Act, for example, has a
21 similar savings provision, and there are State laws that
22 overlay federal laws, so long as they're stricter than the
23 federal standards that's apply. So there are ways in which
24 concurrent jurisdiction can exist where the State comes in and
25 says, look, for our purposes, for our state, there are things

1 that we want to be done that are stricter than what the federal
2 government would do. States like California, for example,
3 often do that for environmental regulation. Exactly how that
4 would work here is yet to be determined. And it's not
5 something that we sat down and tried to parse through. We may
6 not be able to continue to do all of the things that we're
7 doing now, but the point is simply that -- the fundamental
8 premise of the government's argument is, we have no authority
9 at all to do anything, and I think that is what is wrong with
10 their decision, and that is a basis for finding a likelihood of
11 success on the merits.

12 THE COURT: Thank you.

13 I'll hear from the defendants.

14 MS. CARROLL: Thank you, Your Honor. And good
15 afternoon. My name is Arwyn Carroll. I'm counsel for federal
16 defendants in this matter.

17 Your Honor has heard a lot this morning about reliance
18 interests and disruptive consequences, and we don't -- we don't
19 -- "dispute" is the right word, but McGirt has clearly had
20 consequences on the state of Oklahoma and the area within it.
21 But what McGirt clearly did, as Your Honor pointed out, is it
22 acknowledged that the Muscogee Nations Reservation was
23 established by treaty, it held that Congress never
24 disestablished that reservation. That holding renders the
25 lands within the reservation Indian lands under SMCRA's clear

1 definition in Section 1291. Like Indian Country under the
2 Major Crimes Act, "Indian lands" is a defined term, it has a
3 meaning, as all lands within the exterior boundaries of any
4 federal Indian reservation.

5 SMCRA, Your Honor, is a -- it's a comprehensive federal
6 program. As Congress acknowledged in Section 1202, it is
7 designed to cover -- to govern all surface coal mining within
8 the United States, surface coal mining regulation. Oklahoma
9 derives its authority to regulate surface coal mining from its
10 approved program, a program approved under SMCRA.

11 What Oklahoma is asking the Court to do now is allow it
12 not to regulate outside of SMCRA or to apply its separate
13 regulations or laws to surface coal mining, but to apply it --

14 THE COURT: I'm going to ask you to slow down just a
15 bit, please.

16 MS. CARROLL: I'm sorry, Your Honor. -- to apply its
17 approved Title V program to lands that are clearly exempted
18 from the program, both under SMCRA itself, under federal
19 regulations, under the program, the terms of Oklahoma's law
20 and -- and under the terms of Oklahoma's law.

21 Your Honor had mentioned that you had dug deep into the
22 briefs. I'm happy to go through the structure of SMCRA and why
23 it precludes state regulation and requires OSM to engage in
24 state regulation, but I don't want to spend time we don't need
25 to spend on that.

1 THE COURT: That's not necessary.

2 MS. CARROLL: Thank you, Your Honor.

3 THE COURT: Let me touch on a couple of issues that
4 this probably is not in the sequence that you intended to
5 address them, but it's helpful to get these things out of the
6 front of my mind so that I can concentrate better on what you
7 do have to say.

8 On this question of who regulates what -- well, actually,
9 let me back up and ask another question. And let's go to
10 western Oklahoma, non-Indian land. I don't even know if there
11 is any surface mining taking place in western Oklahoma, but
12 regardless of where in the state it might be, is Oklahoma
13 continuing to operate any part of the federally approved state
14 program on non-Indian land?

15 MS. CARROLL: Your Honor, two answers to that -- or
16 two points to that question. First, I don't believe there is
17 any surface coal mining in -- within the western district. But
18 if there were, if there were, then, yes, Oklahoma would still
19 have authority under SMCRA to regulate under its title --
20 approved Title V program and conduct reclamation under its
21 approved Title IV program.

22 THE COURT: So, as far as you're aware, under the
23 cooperative program, Oklahoma is, from the -- at least from the
24 perspective of the federal defendants, entirely out of business
25 because it's all encompassed by Indian land.

1 MS. CARROLL: That appears to be the situation on the
2 ground, yes, Your Honor.

3 THE COURT: Okay.

4 MS. CARROLL: But Oklahoma's program remains in
5 effect and hasn't been disapproved or altered from a legal
6 perspective.

7 THE COURT: Yeah, that's a -- yeah, that's another
8 issue, that's a pretty technical point, maybe too technical,
9 but nevertheless, you may proceed.

10 MS. CARROLL: Thank you, Your Honor. So I won't dig
11 into the structure of the statute, then, because Your Honor is
12 clearly involved -- has engaged with it, but I do want to point
13 out, first, that it would be unprecedented for Oklahoma to have
14 authority or to exercise any authority within statutorily
15 defined Indian lands within the boundaries of the reservation.
16 No state -- and even states with approved programs, no state
17 regulates within the boundaries of a federal Indian reservation
18 under SMCRA.

19 OSM, instead operates a federal program for Indian lands,
20 which it promulgated in the 1980s, following SMCRA's passage,
21 and on reservations in states with state programs, which is
22 what it would do here. It would be -- it would, actually --
23 and is doing. Your Honor asked about the -- what's going on on
24 the ground. OSM, as of September, is conducting inspections,
25 it is issuing notices, it is, in effect, is implementing its

1 federal program for Indian lands. And so to the extent that
2 the State is purporting to continue to regulate, it's OSM's
3 position that they're doing so without authority. And OSM is
4 not only fully prepared to but has stepped in to do so.

5 And then, you know, Oklahoma has raised the idea that
6 there is -- let me take a step back there. Oklahoma has raised
7 the idea that, you know, McGirt -- that OSM needed to have
8 considered its reliance interests or the interests under the
9 City of Sherrill and equitable interests in light of the City
10 of Sherrill before exercising its jurisdiction. But, Your
11 Honor, so as our, I think, our briefs make clear, it's our
12 position that once the McGirt decision issued, recognizing the
13 historic lands of the Muscogee Nation as a reservation, SMCRA's
14 definition applied as a matter of law. There's nothing really
15 for OSM to consider with respect to reliance issues such as in
16 the City of Sherrill because there is no -- no reliance on a
17 federal -- a state program implemented under this federal
18 comprehensive statute. Oklahoma has its state program, it
19 could continue to operate it, should there be other operations,
20 coal mining operations.

21 THE COURT: Forgive the interruption, but the State
22 advances some reliance arguments, such as that it has been or
23 will be forced to terminate contracts with contractors and
24 conservation districts, it apparently has terminated employment
25 of some employees. But let's just stay with what the State

1 says in its brief, that it's forced to terminate contracts with
2 contractors and conservation districts, it is unable to respond
3 to emergencies, it is unable to act on bond releases. Do the
4 defendants take issue with any of those contentions as to forms
5 of reliance?

6 MS. CARROLL: As to forms of reliance, Your Honor,
7 they don't seem to be reliance, to me, so much as the harms
8 argument. It seems like the reliance question here is --
9 they're relying on the existence of the State program.

10 THE COURT: Well, you got a point, there are some
11 elements of both, but the contracts have been entered into in
12 reliance on the statutory regime and the way it has worked for
13 a long time. And the State has relied on the statutory regime
14 for its ability to respond to emergencies and so forth. But I
15 take it, whether we look at it in terms of reliance or harms,
16 the three points that I've specifically touched on, the
17 defendants don't take issue with as a factual matter; is that
18 correct?

19 MS. CARROLL: As a factual matter, Your Honor, I
20 guess I'm not clear on what the question is.

21 THE COURT: Well, the State has said, in its brief,
22 opening brief, page 20, that it has been forced to terminate
23 contracts with contractors and conservation districts, that it
24 is unable to respond to emergencies and unable to act on bond
25 releases. Factually, do you take issue with any of that?

1 MS. CARROLL: We don't dispute them as facts, Your
2 Honor.

3 THE COURT: Okay. Now, going back to what might more
4 classically be determined to be reliance issues, because I
5 think you correctly point out that perhaps the things I refer
6 to would more readily fall under the heading of harms, but
7 going back to what we might more classically look at as
8 reliance issues under the APA arm of this case, what would have
9 been wrong with a notice -- with issuing a notice and an
10 opportunity for comment, so that if the State had anything to
11 talk about under Sherrill or otherwise, that could have been
12 submitted and considered, then you would have a -- certainly a
13 much more bulletproof record. What would have been wrong with
14 that?

15 MS. CARROLL: I think, Your Honor, that what it comes
16 down to is that even though that would have given the State an
17 opportunity to speak and OSM to hear more about their reliance
18 interests, as we've argued in our brief, the reliance
19 interests, as a matter of law, can't impact OSM's decision.
20 OSM is bound by the text of SMCRA and by the decision in McGirt
21 recognizing the reservation. Sherrill, for example, doesn't
22 apply in this case, where -- it focuses on land claims, which,
23 you know, in which the United States appeared as, you know, in
24 a trustee-ship sort of extent, not on programs under a federal
25 statutory regime, focused on equitable claims, not federal

1 statutory claims.

2 THE COURT: Now, one of the Second Circuit cases, I
3 can't remember which one it was, involved federal statutory
4 law, did it not?

5 MS. CARROLL: Your Honor, it -- it may have involved
6 federal statutory law but not a preemptive regime the way that
7 SMCRA does. And to the extent that it allowed a defense of
8 laches against the federal government in that case, I believe
9 that's the Cayuga Nation case, the Second Circuit case. It
10 acknowledged that laches only applies against the U.S. when
11 it's -- at least in that case -- when it was a plaintiff
12 intervenor asserting an equitable claim, that's not the case
13 here. And the factors that it set out -- or not the case here
14 where the U.S. isn't attempting to assert a private right.

15 THE COURT: Okay. Now, you've mentioned that notice
16 and comment would have been futile because of the holding in
17 McGirt and the unequivocal statutory language, that brings me
18 to another point and, again, forgive the interruption.

19 But what I get out of your briefs -- or your brief, is an
20 argument that because the relevant statutory language is
21 mandatory and unequivocal, the agency decision is unreviewable,
22 aside from any issue as to whether there should have been
23 notice and comment, simply that because the relevant statutory
24 language is mandatory and unequivocal the agency decision is
25 unreviewable.

1 So my question is this: Is an agency decision reviewable
2 under the APA if the agency erroneously concludes that the
3 relevant statutory language is mandatory and unequivocal?

4 MS. CARROLL: Your Honor, I think I would take a step
5 back there and say what we're arguing is that this isn't an
6 agency action or an agency decision -- that Oklahoma isn't
7 challenging a decision by the agency.

8 THE COURT: There's a notice of decision that
9 Oklahoma has a problem with.

10 MS. CARROLL: It's a federal register notice, yes,
11 Your Honor. A notice explaining that SMCRA required OSM to
12 exert -- exercise jurisdiction within Indian lands, but what
13 they're really challenging here is -- I mean, the decision that
14 was -- is not a decision by OSM to take action, it was -- it
15 was the change of jurisdiction that operated by -- that
16 happened as an operation of law.

17 THE COURT: Okay. Well, back to my question. Is an
18 agency decision reviewable under the APA if the agency
19 erroneously concludes that the relevant statutory language is
20 mandatory and unequivocal?

21 MS. CARROLL: I would believe it would be reviewable,
22 Your Honor, if it was an agency action, yes.

23 THE COURT: Okay. Now, on that same -- in that same
24 general area, I also note the State's argument that the
25 defendants in this case are, as a practical matter, asserting

1 that if an agency decision is discretionary it's not
2 reviewable, and if it's not discretionary it's also not
3 reviewable, as these defendants have clearly argued. Is there
4 a category of nondiscretionary decisions involving the
5 application of statutory language that is reviewable?

6 CARROLL: Your Honor, again, caveating that we don't
7 believe this is an agency action to begin with, there are as we
8 -- I mean, the cases that we've cited in our brief with respect
9 to that -- that issue do suggest that there is -- there are
10 occasions when an agency simply has no discretion and, as a
11 result, isn't taking an agency action. And that's what we're
12 arguing there.

13 THE COURT: Well, that's not my question. It's
14 really a fair reading or at least fair inferences from some of
15 our briefs that, first of all, as a matter of statutory law
16 under the APA, if a matter is committed to agency discretion
17 then it's not reviewable. Are we together on that?

18 MS. CARROLL: That's correct, Your Honor.

19 THE COURT: But you're saying this is not
20 discretionary ergo, it's not reviewable. Okay. Is there any
21 such thing as a middle ground or an intermediate category of
22 decisions that is reviewable? That's the best of all possible
23 worlds for a federal bureaucrat is to say, it's discretionary
24 and not reviewable, and it's not discretionary and not
25 reviewable. That's just an absolute catch-22. This is your

1 chance to help me on that.

2 MS. CARROLL: I follow your question now, Your Honor.
3 Agency actions are presumed to be reviewable, that's basic APA
4 law. But, again, our argument isn't that -- and this isn't, I
5 think, probably going to satisfy you, but our argument is that
6 this isn't an agency action. What Oklahoma is ultimately
7 challenging here is, you know, it's -- take a step back. This
8 didn't require interpretation by the agency. The agency didn't
9 have to interpret the language of SMCRA or apply the language
10 of SMCRA to the McGirt decision. It didn't need to make any
11 decision about whether it has jurisdiction or not because that
12 jurisdiction transferred as a matter of law. And when it comes
13 to how it was, you know, began to implement its jurisdiction,
14 it had some discretion there, and it has worked -- tried to
15 work with Oklahoma for a time to make that happen
16 cooperatively. That didn't ultimately work out. But coming
17 back to your question, Your Honor, to be sure, agency decisions
18 -- agency actions are presumably reviewable on that basis.

19 THE COURT: But if it's -- but your contention is if
20 it's discretionary it's not reviewable, and if it's
21 nondiscretionary it's not reviewable; is that right?

22 MS. CARROLL: My contention is that it's not an
23 agency action at all because it was mandated by law.

24 THE COURT: Your briefs pretty much say what I just
25 said.

1 MS. CARROLL: Then that is our position, Your Honor.

2 THE COURT: Very well.

3 MS. CARROLL: So drawing back briefly to the
4 reliances and equitable interests question. Actually, no, I
5 think I --

6 The plaintiffs have suggested that -- that OSM doesn't
7 dispute that the factors in Sherrill -- that are satisfied
8 here, we do, just to be clear. We dispute that it's been -- we
9 dispute that Oklahoma has been regulating surface coal mining
10 under SMCRA for 140 years, they haven't. They've been
11 regulating under SMCRA for about 40 years and doing so under
12 the authority of SMCRA, not under its own --

13 THE COURT: Yeah, well, I think the point was,
14 whether it was stated exactly this way or not I don't know, but
15 Oklahoma has been regulating, surface mining for quite a while
16 before 1977.

17 MS. CARROLL: To be sure, Your Honor. But their
18 authority to do so, once -- once the comprehensive federal
19 regime came into play, it preempts any other regulation in that
20 field. And Oklahoma hasn't even -- hasn't pointed to any other
21 law, any other state law, that they want to use to regulate
22 surface coal mining other than their SMCRA program. So there's
23 no reliance interest in enforcing a federally-approved program,
24 under federal law, that allows for equitable considerations.

25 MS. CARROLL: I guess, coming back to the APA

1 question, Your Honor. Even if this is -- even if you decide
2 this is an agency action that is reviewable and subject to your
3 review, it's not arbitrary and capricious. The agency did take
4 into account the relevant considerations here which are largely
5 the Supreme Court's decision in *McGirt* recognizing the
6 reservation and the plain language of SMCRA that delineates
7 authority based on geographic location. The agency -- the
8 decision is not in excess of statutory authority because SMCRA
9 very clearly, on its face, gives OSM authority and requires OSM
10 to regulate when there is no tribal program within Indian lands
11 and precludes the State from regulating within Indian lands.

12 At most, Your Honor, there may have been some procedure
13 that could be done. And -- but that doesn't mean that an
14 injunction is warranted, because the outcome is fairly clearly
15 dictated by the statute -- the language of the statute and the
16 fact that the -- the reliance and equitable interests just
17 simply don't come into play under a federal statutory regime
18 like this.

19 So even if you were to find it's an agency action and
20 reviewable, that's the outcome here. It's just that -- delays
21 by a couple of months what is inevitable and already incurring
22 on the ground. Oklahoma mentioned, you know, they talked about
23 how long OSM took to come to this decision or that's how
24 they've characterized it, but as you know fully well, *McGirt*
25 threw a lot of -- a curveball at a lot of people, and OSM took

1 its time, made sure that it was correct under the law and then
2 made sure that it, you know, reached out to Oklahoma through
3 its letters and tried to allow Oklahoma to continue its routine
4 inspections and routine activities that wouldn't have any
5 significant, you know, impact on the program or any
6 nonreversible impact on the program for a period of time to
7 allow for clear transition to preserve the environment, to help
8 operators not have a sudden shift. OSM tried to do that for a
9 period of time, but it didn't -- ultimately, we're here today,
10 which shows that that didn't work.

11 OSM also, with respect to the timing there, when --
12 Oklahoma has mentioned that OSM continued to provide grant
13 funds for a period of time after McGirt issued, which it did,
14 that's true, and the facts are not disputed there. But that
15 was during a time when only McGirt had issued. If you look at
16 the Exhibit A to Joe Maki's declaration, it shows where surface
17 coal mining and reclamation activities operations occur within
18 the various recognized reservations. A small percentage of
19 them only seven out of 50 occur within the Muscogee Nations
20 Reservation. So at the time, Oklahoma not only still had and
21 still continues to have an intact Title V regulatory program,
22 intact Title IV reclamation program, but through, you know, I
23 guess until Hogner issued in March of 2021, of this year, and
24 then Sizemore a year -- a month later or so, or a few weeks
25 later, there was still plenty for Oklahoma to do, to have

1 authority over, but once those three reservations have been
2 recognized, they constitute Indian lands under SMCRA and now
3 there's no -- there -- OSM can't provide funding without
4 conceding jurisdiction that Oklahoma simply doesn't have.

5 It would be -- to do so would be to afford -- to provide
6 funds for purposes that Congress hasn't appropriated them for,
7 and OSM simply can't do that.

8 Further, with respect to the APA, Your Honor, if -- you
9 know, if you were to find this was an action and it was some
10 kind of a rulemaking, then the Court lacks jurisdiction to hear
11 this challenge. Section 1276(a) affords the Court in the
12 district where the capital is located, jurisdiction to review
13 approvals or disapprovals or amendments of the State program.
14 But this action didn't require any -- it wasn't an approval.
15 It doesn't require an amendment, and it didn't require a
16 disapproval, because the State program has always, since the
17 very beginning, excluded Indian lands. It's geographic by
18 definition, not by the specific areas. So since it's always
19 excluded Indian lands, this isn't an alteration to the State
20 program. It's also not a promulgation of a federal program
21 because that is also statutorily defined in Section 1291 as
22 exclu- -- but when OSM institutes a federal program in place of
23 a state program, it -- that federal program is limited to the
24 lands within a state which also excludes state -- which also
25 includes federal and Indian lands.

1 So what the program that OSM is instituting here is not a
2 federal program under Title V, Section 1254, but rather the
3 federal program for Indian lands, which it promulgated by --
4 through notice and comment rulemaking back in the 1980s and
5 which it uses to regulate surface coal mining within the lands
6 of several other reservations in the United States.

7 There will also be a statute of limitations problem,
8 because the notice -- plaintiffs focus here on the notice of
9 the federal -- for the Federal Register notice and when that
10 issued, but to the extent that Your Honor concludes that this
11 was an action or decision by the agency, the letters issued on
12 April 2nd to Oklahoma -- to ODM and to OCC contain the full
13 explanation of OSM's decision-making process. And so that
14 would be the agency action at issue here, the Federal Register
15 notice, would just be the full notice to everybody else.

16 Finally, Your Honor, with respect to -- do you have any
17 further questions on the merits before I turn to --

18 THE COURT: Not at this point. You may continue.

19 MS. CARROLL: Thank you, Your Honor.

20 With respect to irreparable harms, Oklahoma, to the extent
21 that they are economic harms, if Your Honor were to conclude --
22 and I honestly don't see how you can -- but if you were to
23 conclude that SMCRA does not -- or that the decision in McGirt
24 rendered the Muscogee Nations Reservation Indian lands under
25 SMCRA, Oklahoma can seek the grant funds. They exist. They

1 haven't been given to anybody else. They haven't been removed,
2 they're sitting in an account waiting for, you know, for a
3 final conclusion. So Oklahoma can obtain the money.

4 And we recognize that Oklahoma has had to take some staff
5 reduction actions in the meantime, but that's, again, the
6 unfortunately inevitable result of the plain language of SMCRA,
7 and so it doesn't merit an injunction, a preliminary
8 injunction, here.

9 And then there's not a sovereignty -- there's not a harm
10 to Oklahoma sovereignty here. The State has made a lot of --
11 has discussed often its -- today its sovereignty interests,
12 but, again, though Oklahoma spent -- you know, may have
13 regulated in this area prior to the passage of SMCRA, SMCRA
14 preempts the field of surface coal mining regulation within the
15 United States. It is designed to be comprehensive, it states
16 as much in its text. It has been considered as such by every
17 court that has considered that issue. And it can't -- so
18 there's no -- there is no entitlement to continue regulating
19 under SMCRA the same way that a police power being abrogated
20 might have a sovereign implication, because right now it's
21 solely within an approved statutory program under SMCRA.

22 THE COURT: You've made reference to some money
23 that's being held in an account. Roughly how much is that?

24 MS. CARROLL: I don't have the number right in front
25 of me, Your Honor, but it would be the money that was allocated

1 to Oklahoma for its federal grants under Title V and Title IV
2 prior to the termination.

3 THE COURT: Is that in the hundreds of thousands or
4 millions or tens of millions?

5 MS. CARROLL: I believe with respect to OCC it's in
6 the one to two million, perhaps two million range. For ODM, I
7 don't know off the top of my head, Your Honor.

8 THE COURT: Very well. I'm not asking you to guess.

9 MS. CARROLL: I can find out if that's important.

10 But, yeah, so it's, you know, plaintiffs submitted a
11 declaration suggesting that the account had somehow been closed
12 or deleted, but that's not the case. It's simply being -- a
13 hold has been placed that doesn't allow Oklahoma to access the
14 money because they don't have jurisdiction within these lands.

15 Finally, just a few straight points, Your Honor. Oklahoma
16 mentioned a definition on the -- they said the Department of
17 the Interior website, it talks about what a federally
18 recognized Indian -- or a federal Indian tribe might be, that's
19 from the Bureau of Indian Affairs website and does not speak to
20 what the definition is under SMCRA. It's, in any event,
21 language on a website. What -- plaintiffs didn't raise this
22 argument in their papers, but language on a website doesn't
23 supersede federal statutory language.

24 And Oklahoma has also mentioned there were some --
25 actually, no, I think we've covered that.

1 That's my presentation, Your Honor. It is our position
2 that even were you to find that there were some kind of process
3 that needs to occur before OSM can step in -- OSM has been
4 regulating on the ground since September, any further
5 requirement of process would be simply that, some additional
6 process, but it can't change the statutory requirements.

7 THE COURT: Well, on that score, it's just possible
8 that the defendants in this case have a more serious problem
9 procedurally than they do with the combined effect of SMCRA and
10 the McGirt decision. And that raises the possibility that this
11 matter goes in the direction of the can just getting kicked
12 down the road, which, in the nature of things, I don't like.
13 But it is possible that the defendants have a more serious
14 problem procedurally than substantively, again, with respect to
15 the combined effect of the statute and the Supreme Court's
16 decision.

17 So let's talk just a minute about the possibility that
18 relief may be granted on the basis of procedural issues. I'm
19 going to go back and take a hard look at the notice and comment
20 issue, for instance. You've said that the State ought to be
21 required to put up, what, an \$8 million bond?

22 MS. CARROLL: Yes, Your Honor.

23 THE COURT: The state of Oklahoma is running a bigger
24 surplus than the federal government. Why should a state of the
25 union have to put up an \$8 million bond?

1 MS. CARROLL: Your Honor, as long as Oklahoma is
2 purporting to exercise its Title V program within Indian lands,
3 it can -- it can still and has been purporting to release bonds
4 required of --

5 THE COURT: I'm talking about an injunction bond.

6 MS. CARROLL: Yes, Your Honor. And I'm going to try
7 to explain the basis for that.

8 THE COURT: Okay.

9 MS. CARROLL: So they're required to -- operators are
10 required to put up bonds to ensure that they can reclaim the
11 land to the extent that SMCRA and state law requires. Oklahoma
12 has been -- has been releasing bonds, those reclamation bonds,
13 on at least a couple of occasions since this lawsuit was filed.
14 Release -- a final release of a reclamation bond prevents --
15 basically removes SMCRA jurisdiction over the operator.

16 THE COURT: About 40 years ago, I represented a rich
17 doctor who thought he could save some taxes by getting into a
18 surface mining deal, and the happiest day of his life was the
19 day I got him off that bond.

20 MS. CARROLL: Yes, Your Honor. So what our concern
21 here is -- and it's the subject, to an extent, of our
22 counterclaims, and as we signaled in our counterclaims, we may
23 file our own preliminary injunction motion, is that Oklahoma
24 continues to purport to be able to release those bonds and has
25 forfeited one of the bonds despite over 20,000 gallons of acid

1 mine discharge seeping into the environment and continuing to
2 do so. So OSM, you know, you can speak to the relative -- you
3 know, relative funding of the OSM and the federal government,
4 but OSM can only use money that has been appropriated by
5 Congress for the purposes that it has been appropriated for.

6 THE COURT: That's understood. But let's say that I
7 just can't get past the procedural issues, so let's say that I
8 do grant some interim relief, and then if it turns out that I
9 erroneously did that with the consequence that the defendants
10 are entitled to some form of recourse, why couldn't you just
11 come right back into a federal court under 28 U.S.C. 1331 and
12 sue the state of Oklahoma and require them to pay up or, for
13 that matter, file a motion to that effect in this case?

14 MS. CARROLL: Because the money doesn't necessarily
15 go to Oklahoma when the bonds are released, Your Honor. It's a
16 -- as you've clearly had experience with, it's a bond, and
17 it -- once it's been released --

18 THE COURT: Well, but whatever the root origin may be
19 of the State's acts that are detrimental to the feds, why can't
20 the feds just sue the State? Either sue the State or file a
21 motion in this case to reduce that to judgment?

22 MS. CARROLL: Because there would -- I mean, this
23 would be the subject of our own motion, Your Honor, but there
24 would be a harm to OSM's ability, for example, to get operators
25 to do the reclamation and -- during the period while the bond,

1 you know, after the bond has been released. There are other
2 environmental harms that could occur if the bond is released
3 and it hasn't yet been reclaimed to the environmentally
4 required standard and so on. And so that's why we're asking
5 for the bond.

6 THE COURT: Thank you. I want to address one thing
7 with -- I have one inquiry of Mr. Leonard before we recess.
8 And that is this: I take it that the State considers this
9 matter that you brought up that's not in the briefs of the
10 definition of a federal Indian reservation as being
11 potentially, at least ultimately, if not at this stage,
12 potentially dispositive. Am I right about that?

13 MR. LEONARD: Your Honor, so Section 1291 subsection
14 9 requires, in order for these lands to be Indian lands, under
15 SMCRA --

16 THE COURT: I'm not asking you to argue the point;
17 I'm asking you to answer my question.

18 Does the State consider that issue to be potentially
19 dispositive?

20 MR. LEONARD: It would be, Your Honor.

21 THE COURT: I'm going to get some supplemental briefs
22 on that. On the face of it, I can't help but think "don't
23 believe everything you see on the Internet." On the other
24 hand, if there's some meat here, then I want to know about it.
25 I don't want to just bypass a potentially dispositive issue

1 because it arose later than it should have.

2 So how much time would you need to file a supplemental
3 brief, let's call it not longer than ten pages of actual
4 argument, on this issue of the definition of a federal Indian
5 reservation? How long would you need? Surely not more than
6 ten days.

7 MR. LEONARD: Your Honor, today is Thursday. If we
8 could have until Monday or Tuesday, we could get it on file.

9 THE COURT: Well, I'm going to give you a week to
10 file a supplemental brief on the issue of the definition of
11 federal Indian reservation that you have raised. I'm going to
12 give the defendants another week to file a response to that
13 supplemental brief, confined strictly to that issue of whether
14 the definition of federal Indian reservation, as you have
15 referred to it here, and as you will undoubtedly be referring
16 to it in your supplemental brief, is relevant to this case.
17 And if it's relevant, then, what its impact is in this case.

18 MR. LEONARD: Yes, Your Honor.

19 THE COURT: And, Counsel, I certainly commend you on
20 your arguments here today. They have helped me to work my way
21 through it. I wouldn't want anybody to do any reading of the
22 tea leaves. This is a complex matter, and it would be foolish
23 to try to read anything into my questions or comments one way
24 or the other. And I've already cleared the air with one
25 comment on the McGirt decision, as such, but that's really

1 irrelevant to where this matter goes on the merits. And I want
2 everyone to clearly understand that. It really is irrelevant
3 to where this matter goes on the merits. If McGirt is going to
4 be reviewed and revisited, it's going to have to be by the
5 Supreme Court or by Congress. And certainly not by this Court.

6 So that does conclude the arguments on the motion this
7 afternoon. I will look forward to getting the supplemental
8 briefs. And I'll be addressing the matter just as soon as I
9 possibly can.

10 Court will be in recess.

11 (COURT ADJOURNED.)

12 CERTIFICATE OF OFFICIAL REPORTER

13 I, Tracy Thompson, Federal Official Realtime Court
14 Reporter in and for the United States District Court for the
15 Western District of Oklahoma, do hereby certify that pursuant
16 to Section 753, Title 28, United States Code, that the
17 foregoing is a true and correct transcript of the
18 stenographically reported proceedings held in the above-
19 entitled matter and that the transcript page format is in
20 conformance with the regulations of the Judicial Conference of
21 the United States.

22 Dated this 6th day of December 2021.

23

/S/ Tracy Thompson

24

Tracy Thompson, RDR, CRR
Federal Official Court Reporter

25

Tracy Thompson, RDR, CRR
United States Court Reporter
U.S. Courthouse, 200 N.W. 4th St.
Oklahoma City, OK 73102 * 405.609.5505