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7TH DISTRICT OF ARIZONA

COMMITTEE ON NATURAL RESOURCES
Subcommittee on Water and Power
Subcommittee on Parks, Forests and
Public Lands – *Ranking Member*

COMMITTEE ON EDUCATION AND THE WORKFORCE
Subcommittee on Early Childhood,
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The Honorable Mary Schapiro
Chairman
Securities and Exchange Commission
100 F St. NE
Washington, D.C. 20549-5546

November 15, 2011

Dear Chairwoman Schapiro,

Thank you for the work you and your staff are doing to implement the Dodd-Frank Wall Street Reform and Consumer Protection Act. I write today in strong support of the Cardin-Lugar provision (Section 1504) requiring companies registered with the SEC to report how much they pay government entities for access to their oil, gas and minerals. American taxpayers should receive a fair return for leasable mineral resources – such as coal, oil, gas and phosphate – extracted from U.S. federal property, and the Cardin-Lugar provision can play a critical role in helping the public understand whether current policy meets that standard.

On September 22, Sen. Tom Udall and I asked the Government Accountability Office to examine the value of minerals extracted and the amount of federal revenues collected in fiscal year 2010 for minerals obtained from federally managed lands and waters under the General Mining Act of 1872, and other various mineral leasing laws. A copy of that request letter is attached for your review. More recently, I wrote to 14 major oil, coal, gas and hardrock mining companies asking them to release this and related information before GAO concludes its report. Working families deserve to know how much private companies profit from the extraction and sale of publicly owned resources, and the Cardin-Lugar provision should play a central role in making that information available.

The information provided by a strong, enforceable Section 1504 rule will help protect investors and provide valuable information to Americans and people around the world. I appreciate the daunting challenge you and your staff face as you write rules and provide critical analysis for a number of Dodd-Frank provisions with limited resources and the possibility of further budget cuts. I write today because I believe releasing a strong Cardin-Lugar rule would have immediate, long-term positive impacts worldwide. Consider the following:



- Building on strong political support from European Commission President José Manuel Barroso, UK Prime Minister David Cameron and French President Nicolas Sarkozy, the European Commission last month unveiled a legislative proposal similar to Cardin-Lugar. By finalizing its rulemaking for Section 1504, the SEC has an opportunity to influence the final outcome of this process.
- The provision complements the United States plan domestically to implement the Extractive Industries Transparency Initiative (EITI) announced during the recent United Nations launch of the Open Government Partnership, of which the U.S. is an important member.
- In the long term, Cardin-Lugar and EITI will discourage corruption, reduce conflict, enhance stability, and secure energy supplies around the world, helping to facilitate capital formation and promote economic growth.

Thank you for your attention to this matter. Please contact me or Brandon Bragato in my office at (202) 225-2435 if you have any questions or wish to follow up on this issue.

Very sincerely,



Rep. Raúl M. Grijalva (D-Ariz.)
Ranking Member
Subcommittee on National Parks, Forests, and Public Lands
House Committee on Natural Resources