

Congress of the United States
Washington, DC 20515

June 28, 2011

Mary L. Schapiro
Chairman
SEC Headquarters
100 F Street, NE
Washington, DC 20549

Dear Chairman Schapiro:

We write to express our concerns about allegations that some estimates of natural gas reserves have been overstated. We fully support the President's push to invest in and utilize alternative sources of energy. However, we are concerned with the accuracy of estimates of one proposed clean energy alternative, natural gas.

The New York Times piece on June 27, 2011, "S.E.C. Shift Leads to Worries of Overestimation of Reserves", discusses changes to how the industry reports to the SEC that may allow reserves to be overestimated. The article references numerous internal industry and government discussions that raised concerns with the reliability of reserve estimates, including in particular how companies report proved undeveloped reserves.

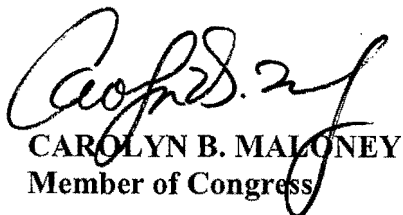
In light of the documents revealed by the article, we have a number of questions we hope you can address.

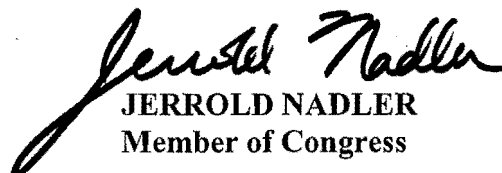
- What steps does the SEC take to independently verify shale gas reserves?
- What oversight is there for how companies estimate the reserves?
- Is the SEC concerned with how recent rule changes may have inflated assessments of natural gas reserves?
- In light of these reports, is it still justified to allow companies to keep the details of their projections a trade secret?
- Will the commission reconsider requiring third-party auditing of all reported reserves?

The emails highlight a perception within the oil and gas industry that there may be some shale gas companies that have intentionally misled investors. Does the SEC plan to investigate these allegations?

Thank you for your attention to these concerns and we look forward to your response.

Sincerely,


CAROLYN B. MALONEY
Member of Congress


JERROLD NADLER
Member of Congress