

# CRUDE ACCOUNTABILITY

P.O. Box 2345, Alexandria, VA 22301, 703.299.0854  
[www.crudeaccountability.org](http://www.crudeaccountability.org)

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April 12, 2010

The Honorable Barney Frank  
United States House of Representatives  
2252 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Frank,

I am writing on behalf of Crude Accountability, a nonprofit organization that works with local activists and citizen groups in the Caspian Sea basin to protect the region's natural environment and to ensure environmental justice for communities impacted by natural resource development. Crude Accountability is also a member of Publish What You Pay, a coalition that helps citizens of resource-rich developing countries hold their governments accountable for the management of revenues from the oil, gas and mining industries.

Thank you for sponsoring the Extractive Industries Transparency Disclosure Act (EITDA) in the 110th Congress. The measure would require all companies registered with the Securities and Exchange Commission to report their payments to foreign governments for the extraction of oil, gas, and minerals on a country-by-country basis.

The timing is right to reintroduce the House measure and we urge you to do so and guide it to passage this year. As you know, late last year, Senators Ben Cardin (D-MD) and Richard Lugar (R-IN) introduced S. 1700, the Energy Security Through Transparency Act, which is similar to last year's House legislation. The Senate bill has broad support among investors, extractive companies and civil society, human rights, anti-corruption, development and faith-based groups. All of these groups look forward to the House bill introduction.

In many resource-rich developing countries, revenue flows from extractive industries dwarf development aid. By increasing the transparency of extractive industry revenue flows, the bill would allow citizens in these countries to hold their governments accountable to use these funds responsibly and effectively for development. This would allow the United States to better target its development aid to these countries, and direct resources to countries with the greatest need for aid.

These measures would also help stop poverty that often accompanies the growth of oil, gas and mining industries in developing countries and create transparency that will empower citizens to fight corruption and poverty, thereby improving stability in resource-rich countries.

In addition, the bill is consistent with President Obama's recent efforts to strengthen U.S. energy security by mandating the transparency needed to combat corruption and instability in countries that supply our energy. This same transparency would also help to make traditional and alternative energy resources that are developed in the United States more price-competitive by generating a new, reliable stream of data on financial flows in high risk operating environments. It would also improve investors' ability to assess risk of oil, gas and mining

investments. These new assessments of the full cost of operations would be adjusted for risk, and thus favor stable and transparent operating environments, such as the United States.

Finally, the bill will also help to protect United States companies working in hostile environments by ensuring that their financial contributions to host governments are public, thereby shielding U.S. companies from unfair accusations or blame shifting by host governments.

For these reasons, you have Crude Accountability's full support and we look forward to you introducing the House version of S. 1700 and guiding it to passage this year.

Many thanks for your attention to this matter. Please do not hesitate to contact me at 703.299.0854 or [kate@crudeaccountability.org](mailto:kate@crudeaccountability.org).

Sincerely,



Kathleen Watters  
Executive Director