United States Senate
WASHINGTON, DC 20510

August 1, 2008

Chairman Christopher Cox
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: File No. S7-29-07, PROPOSED RULEMAKING, MODERNIZATION OF THE OIL AND GAS REPORTING REQUIREMENTS

Dear Chairman Cox:

We write today about, File No. S7-29-07, your proposed rulemaking on how companies report oil and natural gas reserves. We believe the proposal is an important one that reflects changes in technology and generally provides more information for investors. However, the rule can be enhanced by requiring companies to report additional information about their intent to develop their reserves and the amount they are currently spending on oil and natural gas production.

The proposed rule sensibly allows oil companies to use established technologies to prove reserves. The rule would also create new categories of reserves including "probable" and "possible" reserves. These rules, in general, will help add to the mix of information investors have at their disposal. Unfortunately, these new proposed guidelines also have the potential to make nonproducing oil and natural gas leases held by oil companies appear even more valuable by allowing these companies to report more information about reserves, but not requiring them disclose more about their production plans. In fact, these "probable" or "possible" reserves may even serve to mislead investors if further information on production plans is not disclosed.

As you are no doubt aware, investors, consumers, and policy makers are increasingly concerned that oil companies are not actively pursuing oil reserves under land and water they already lease from the federal government. All told there are 68 million acres that oil companies have leased for oil and natural gas exploration where no oil or natural gas has been produced. We believe it is important for investors to know whether they plan to produce on these leases or save them for future production.

This concern is particularly important for proven undeveloped leases (PUDs). Companies can list a PUD if it would be economically viable to extract the oil or natural gas and the company intends to actually produce on that lease. Too often, however, companies have failed to develop their PUDs year after year. To remedy this problem the SEC has proposed a requirement that companies list their older PUDs. That would no doubt be helpful, but we suggest that for investors to truly have the material information they need on reserves, the SEC should require companies to report when they actually intend to develop their PUDs. A production schedule

will give investors the information they need to truly assess whether oil companies will create revenue from these valuable assets within a reasonable time frame.

Similarly, investors are also concerned that oil companies are not required to report what they are investing in oil development. The Associated Press recently reported that ConocoPhillips has announced $2.5 billion in stock buybacks for the second quarter of this year-- nine times what it has spent on exploration. ConocoPhillips has since reported that it is now producing 200,000 barrels per day of oil less than it did a year ago. These figures should not just be reported by the Associated Press, but should also be reported to the SEC and in turn to investors. Requiring reporting on investments and planned investments in oil and natural gas development would provide investors with certainty about oil companies' intentions to develop the vast federal lands they have at their disposal.

Thank you for your consideration of this issue. Please do not hesitate to contact us if you have any questions or concerns.

Sincerely,

ROBERT MENENDEZ
United States Senator

RUSSELL D. FEINGOLD
United States Senator

BERNARD SANDERS
United States Senator