

**Congress of the United States**  
**Washington, DC 20515**

November 18, 2013

The Honorable Harry Reid  
Majority Leader  
United States Senate  
Washington, DC 20510

Dear Mr. Leader,

As the Senate works towards an agreement with the House on final legislation to implement the United States-Mexico Transboundary Hydrocarbon Agreement (THA), we write to urge you to reject any efforts to include language that would exempt companies from the disclosure requirements under Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank).

The Mexican Senate ratified the THA agreement in April 2012, and we applaud the U.S. Senate for passing a clean implementation bill last month. Unfortunately, the House version of the THA implementing legislation, H.R.1613, contains an entirely unnecessary provision—adopted over strong Democratic opposition in the Natural Resources Committee and on the House Floor—that would exempt companies operating under the U.S.-Mexico pact from complying with section 1504 of Dodd-Frank.

Section 1504, which was adopted into Dodd-Frank through a bipartisan Senate amendment, requires all companies listed on U.S. exchanges to disclose payments they make to governments for oil, gas and mining resources.

Resource revenue transparency allows shareholders to make better-informed assessments of risks and opportunity costs, threats to corporate reputation, and the long-term prospects of the companies in which they invest. Public disclosure of extractive revenues is also fundamental to improving governance, curbing corruption, improving revenue management, and allowing greater accountability from governments for spending that serves the public interest.

Although Republicans in the House argued that the exemption was necessary in order to allow U.S. companies to participate under the THA, that is simply not true. In fact, despite its wish for Congressional approval of the deal, the White House issued a Statement of Administration Policy (SAP) opposing H.R. 1613 precisely because of the provision waiving the Dodd-Frank requirement for public disclosure of extractive payments to governments.

The Administration also noted in its SAP that the provision directly and negatively impacts U.S. efforts to increase extractive transparency and accountability, which is a foreign policy priority in its outreach to G8 leaders and other countries. In addition, Section 1504 is encouraging other governments to adopt similar laws, including the passage earlier this year of new transparency rules by the European Union.

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Finally, the American Petroleum Institute—in a sign that even industry is now more interested in a quick implementation of the US-Mexican deal than in rolling back the disclosure mandate—recently backed the Senate bill.

Democratic Members in the House deserve the opportunity to vote on a clean implementation bill that they can support, and we urge you to give us that opportunity by insisting that the House take up and vote on S. 812.

Thank you for your consideration of this important matter.

Sincerely,



Peter DeFazio  
Ranking Member,  
Committee on Natural  
Resources



Maxine Waters  
Ranking Member,  
Committee on Financial  
Services



Eliot L. Engel  
Ranking Member,  
Committee on Foreign  
Affairs

cc: Hon. Nancy Pelosi, Democratic Leader  
Hon. Steny Hoyer, Democratic Whip  
Senator Ron Wyden, Chairman, Senate Committee on Energy and Natural Resources