

Congress of the United States
House of Representatives
Washington, DC 20515-3222

June 27, 2011

Mr. Richard G. Newell
Administrator
U.S. Energy Information Administration
1000 Independence Ave., SW
Washington, DC 20585

Dear Administrator Newell:

As you know, over the past several years, I have been working to ensure that our federal energy policies, specifically our natural gas policies, rely on the best available science. In the past I have written to you expressing my concerns regarding estimates of how much natural gas may be economically recoverable in shale plays across the country. Today, *The New York Times* has run a front page story outlining serious concerns about the way in which the Energy Information Administration (EIA) estimates shale gas reserves, and its reliance on private contractors that may have financial conflicts of interest.

The EIA plays an important role in providing the public and policy makers with critical information concerning, among other things, estimates of domestically available oil and gas reserves. The information your agency provides helps drive our nation's energy policy, is used by the private sector to make key investment decisions, supports research at our universities and labs, and more. As such, it is critically important that EIA's data and analysis be above reproach.

Unfortunately, the revelations in the *Times* story raise questions about EIA's approach to shale gas. From the documents and emails cited in the story, it is clear that there are significant concerns within EIA about the shale gas industry. While differences of opinion within an agency like EIA are to be expected, it is important that when concerns are expressed they are taken seriously and are not papered over.

I am also very concerned about your agency's use of private contractors to develop important EIA documents and publications that affect the shale gas market. According to the *Times*, some of these contractors also had major clients in the shale gas industry. This raises questions about the independence of their work product, as well as questions about the process EIA uses to select private contractors.

In light of these concerns, I request your prompt attention to the following questions:

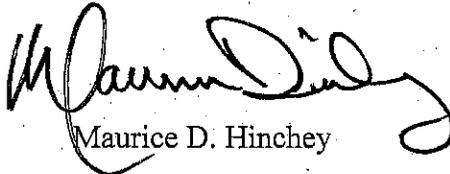
- Analysts at EIA raised very serious concerns about shale gas. One analyst is quoted as saying: "Am I just totally crazy, or does it seem like everyone and their mothers are endorsing shale gas without getting a really good understanding of the economics at the

business level?" Another senior official says there is an "irrational exuberance" around shale gas. Were you, or your Deputy, aware of these concerns regarding the economics behind shale gas, specifically well production and reserve estimates, prior to the publication of today's *Times* story? If so, what was your response to these concerns? If you were not aware of these concerns, please detail your response to them and whether they could affect EIA's projections for natural gas use and or supply.

- Two private contractors hired to assist in the preparation of EIA's Annual Energy Outlook 2011 apparently also had major clients in the oil and gas sector. Was EIA aware of these financial relationships prior to hiring these contractors? What are EIA's rules governing contractors that may have financial conflicts of interest? Does EIA consider hiring academics or research organizations to assist with its work before considering hiring private contractors? If not, why not?

Thank you for your attention to this matter. I look forward to your prompt response.

Sincerely,



Maurice D. Hinchey