



April 13, 2026

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: File No. CLL-15 – SEC Request for Comment on Reformation of Regulation S-K

Dear Ms. Countryman:

The American Petroleum Institute ("API") is the national trade association representing America's oil and natural gas industry. Our industry supports nearly 11 million U.S. jobs and accounts for approximately eight percent of U.S. GDP. API's approximately 600 members, from fully integrated oil and natural gas companies to independent companies, comprise all segments of the industry. API's members are producers, refiners, suppliers, retailers, pipeline operators, and marine transporters as well as service and supply companies providing much of our nation's energy. API was formed in 1919 as a standards setting organization and has developed more than 800 standards to enhance operational and environmental safety, efficiency, and sustainability.

API welcomes the Commission's efforts to revise Regulation S-K to ensure that disclosure requirements focus on eliciting material information, while avoiding the disclosure of immaterial information that would provide little valuable insight for investors. We appreciate the Commission's continued leadership and welcome the opportunity to provide perspectives informed by the U.S. oil and natural gas industry. We strongly support the Commission's objective of refocusing disclosure requirements on material information that is most relevant to a reasonable investor's decision making, while reducing unnecessary complexity and immaterial disclosure. At the request of the SEC, API offers the following comments to help inform the SEC's efforts to meet this end.

Comments

1) Materiality and Long-Cycle, Capital Intensive Energy Businesses

Oil and natural gas companies operate long-cycle, capital intensive businesses in which investor understanding is driven by a focused set of material factors, including asset quality, reserve life, capital-allocation discipline, project economics, commodity-price exposure, and geopolitical and regulatory risks. Excessive prescriptive disclosure, particularly when it emphasizes volume over relevance, can obscure these key drivers rather than enhance investor protection, as the Commission has recognized.

A Regulation S-K framework anchored in materiality enables registrants to present disclosures that reflect how management evaluates performance and allocates capital across upstream, midstream, and downstream operations.



2) Support for Principles-Based Disclosure

API supports the Commission's continued emphasis on a principles-based approach to disclosure. Oil and natural gas issuers vary significantly by geography, resource type, contractual structures, and regulatory regimes. Prescriptive requirements often lead to boilerplate disclosure that diminishes comparability and does not reflect registrant-specific risks or value drivers.

3) Streamlining the Regulation S-K 1200 Series Oil and Natural Gas Disclosure Rules

We specifically support streamlining the Regulation S-K Subpart 1200 oil and natural gas disclosure requirements. While these rules were originally intended to enhance transparency, in practice they often require detailed, prescriptive disclosures that are not material to investor decision making and are increasingly redundant with other required disclosures. Additionally, the disclosures are very costly to prepare, as much of this information is not regularly used by management, so all costs to gather this detailed information and validate and disclose it, are solely for regulatory and compliance purposes.

Item 1201, 1202, 1204: Definitions, Disclosure of Reserves, Oil and Natural Gas Production

This rule requires disclosure of proved reserves, in the aggregate and by geographic area and for each country, containing 15 percent or more of the registrant's proved reserves. We recommend revising the requirement to allow registrants to combine geographies (whether countries or continents) that contain less than 15 percent of the registrant's proved reserves.

The rule also requires disclosure of synthetic oil and synthetic gas separate from crude oil and natural gas. We recommend revising the rule to allow registrants to combine disclosures of synthetic oil and synthetic gas with crude oil and natural gas, to the extent that reserves of synthetic oil and synthetic gas do not individually constitute 15 percent or more of the registrant's total proved reserves.

Both recommendations for this rule will elevate the disclosure's focus to the registrant's material operations while reducing disclosure overload.

Items 1205, 1206 and 1208: Wells, Well Activity, and Acreage

We recommend that the Commission remove, or at least make optional, the disclosures required by Items 1205 (Drilling and Other Exploratory and Development Activities), 1206 (Present Activities), and 1208 (Oil and natural gas Properties, Wells, Operations, and Acreage). These prescriptive schedules do not provide decision-useful information to investors, are misaligned with modern development practices, and impose significant compliance costs with little corresponding benefit.

Limited decision usefulness

The well activity, acreage, and total well count tables required by Items 1205, 1206, and 1208 provide static, high-level snapshots that offer little insight into asset quality, inventory depth, capital efficiency, or expected returns. In modern unconventional development, value is driven by



factors such as geology, lateral length, spacing, completion design, pad development, and operational efficiency – not aggregate well counts or acreage held. Investors instead focus on proved reserves (including PUDs), development plans, capital allocation, realized pricing, cost structure, and management commentary, all of which are addressed elsewhere in the Form 10-K. As a result, these tables add length and complexity without improving clarity or decision-usefulness, while requiring substantial time and effort to compile.

Not reflective of current realities

Items 1205, 1206, and 1208 were designed for conventional exploration programs where individual wells represented discrete capital commitments and meaningful indicators of exploration risk. In today's manufacturing-style unconventional operations – characterized by continuous drilling, pad development, frequent asset trades, and dynamic working and royalty interests – these metrics no longer convey meaningful risk or strategic information. Changes in portfolio composition or economics can significantly affect results without corresponding changes in net well counts or acreage. In practice, the required schedules often obscure, rather than illuminate, the underlying economics.

Redundancy with principles-based disclosures

To the extent that drilling activity, development intensity, or acreage position is material, registrants already address these matters through MD&A, reserves disclosures, capital program discussions, and, where relevant, Risk Factors. Items 101 and 102 provide an appropriate principles-based framework for describing the business and properties. Mandated, tabular disclosures partially duplicate this information and tend to encourage boilerplate that lacks predictive value.

Cost vs. benefit considerations

Preparing and reconciling these schedules across geographies, product types, ownership structures, and joint ventures is resource-intensive and often requires data that management does not use to operate the business. The fact that these schedules are compiled largely for compliance purposes and not for day-to-day decision making strongly suggests they are unlikely to help investors assess future performance. Eliminating these requirements would meaningfully reduce compliance burden without loss of investor-relevant information, consistent with the Commission's stated objectives.

Item 1207: Delivery Commitments

Item 1207 requires a registrant to disclose any material delivery commitments of fixed oil and natural gas quantities, including the principal sources of oil and natural gas, and steps taken to ensure availability of reserves and supplies used to satisfy these commitments. Additional requirements include disclosure by geographic region, supplies dedicated to the commitments, priority allocations and/or limitations, and factors beyond the registrant's control that may inform the ability to satisfy commitments.



We request deleting these requirements, as they place an undue and disproportional burden on registrants in the oil and natural gas industry compared to other industries. To the extent a registrant has a material future commitment that impacts an investor's assessment of its results of operations, financial condition, and liquidity, then Item 303 – Management's discussion and analysis of financial condition and results of operations already requires discussion of such information.

4) Regulation S-X Improvements

We also encourage the Commission to consider complementary improvements to Regulation S-X as part of its broader modernization initiative, particularly with respect to the standardized measure of oil and natural gas (SMOG). These disclosures were developed decades ago under very different market, accounting, and technological conditions. They often provide limited incremental insight to investors relative to the extensive information already available through the financial statements, MD&A, and supplemental disclosures prepared under U.S. GAAP. SMOG relies on highly prescriptive assumptions, is inherently sensitive to commodity price volatility, and does not reflect how management evaluates asset performance, capital allocation, or value creation. Simplifying or eliminating these requirements - or replacing them with a more principles-based approach focused on material cash flow drivers and capital efficiency - would reduce redundancy, improve clarity, and better align reported information with investor decision making, while preserving the total mix of material information.

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In conclusion, we strongly support the Commission's initiative to simplify and modernize Regulation S-K and Regulation S-X as they apply to the oil and natural gas industry. A disclosure framework grounded in materiality and principles-based guidance will better reflect the economics of long-cycle, capital-intensive energy businesses, enhance investor decision making, and promote efficient capital formation. Streamlined Regulation S-K and Regulation S-X requirements would enhance investor understanding, reduce compliance burdens relating to non-decision useful information, and allow management to devote greater resources to executing strategy rather than complying with immaterial disclosure mandates. We appreciate the Commission's leadership on this important initiative and welcome continued engagement as the review progresses. API would appreciate the opportunity to meet with the Commission in person to discuss these recommendations further.

Sincerely,

A handwritten signature in black ink that reads "David LeClere".

David LeClere
Policy Advisor, Corporate Policy
American Petroleum Institute