



**Jeanette L. Ourada**  
Vice President and Comptroller

February 16, 2016

Mr. Brent J. Fields  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Subject: Disclosure of Payments by Resource Extraction Issuers (File Number S7-25-15)

Dear Secretary Fields:

Chevron is pleased to provide comments on the U.S. Securities and Exchange Commission's (the "SEC") proposed rule implementing Section 13(q) of the Securities Exchange Act of 1934 (the "Exchange Act"), relating to disclosure of payments by resource extraction issuers (the "Proposed Rule"). Chevron is one of the world's leading integrated energy companies. Through its subsidiaries that conduct business worldwide, the company is involved in virtually every facet of the energy industry. Chevron explores for, produces and transports crude oil and natural gas; refines, markets and distributes transportation fuels and lubricants; manufactures and sells petrochemical products; generates power and produces geothermal energy; and develops the energy resources of the future. The company's activities are widely dispersed geographically, with operations in North America, South America, Europe, Africa, Asia and Australia. Chevron is an SEC registrant and its securities are listed exclusively on the New York Stock Exchange.

Chevron believes that the disclosure of revenues received by governments and payments made by extractive-industry companies to governments could lead to improved governance in resource-rich countries. Our commitment to promoting revenue transparency is reflected in our participation as a stakeholder in the Extractive Industries Transparency Initiative (EITI), of which Chevron is the longest continually serving member on the international board. Chevron currently operates or has nonoperated working interests in 17 EITI-implementing countries, and has representatives on multi-stakeholder groups in five countries, including the United States.

Since the Proposed Rule was released, Chevron has collaborated with other member companies of the American Petroleum Institute ("API") to prepare API's comments on the proposed rules. API's comment letter on the proposed rules was submitted separately to the SEC on February 16, 2016. Chevron fully endorses the content of API's letter. In this letter, we highlight several matters addressed in API's letter that are of particular importance to Chevron.

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**The Proposed Rule's requirement for public disclosure of issuer-specific payment information is unnecessary and would impose undue competitive harm.** The SEC can more effectively achieve Section 1504's central purpose by adopting API's proposed definition of "project" as described in API's November 7, 2013 comment letter, and allowing issuers to confidentially report project-level information to the SEC, followed by the SEC's compilation of the payments and public disclosure of aggregated payments on a sub-national basis without revealing issuer-specific payment information.

We believe that if issuers are required to reveal highly confidential, commercially sensitive information, they will be placed at a competitive disadvantage relative to competitors that are not subject to similar disclosure requirements. Compelled public disclosure could also put issuer assets at a heightened risk of attack and sabotage, potentially endangering the issuer's workforce. In addition, issuers' employees could also be subject to criminal prosecution if the issuer is found to have violated host country laws or contract terms to comply with Section 13(q).

We believe it is in all stakeholders' best interest for the SEC to provide a user-friendly public compilation of payment information to allow ordinary citizens to see how much money their governments are receiving for extractive activities in their region. Resource extraction issuers would benefit by submitting payment information confidentially, thereby alleviating the burdens imposed by public disclosure. A compilation provided by the SEC better serves the objective of the statute by making the disclosed information more accessible to and usable by the public. Under the Proposed Rule, interested members of the public would be required to search and aggregate issuer filings within EDGAR for a large volume of issuer-specific, contract-level data to determine how much their government is receiving from resource extraction. This shifts the burden and the cost to the public, when this function could be performed much more efficiently by the SEC. To facilitate a meaningful compilation, the project definition and parameters need to be standardized, which is exactly what API's approach accomplishes.

**Chevron opposes the lack of reporting exemptions for countries that prohibit disclosure and for contracts that prohibit disclosure without host government permission.** The lack of reporting exemptions puts issuers and their employees operating in those countries at risk of violating the law or existing contracts. The SEC's representation that it will consider issuer requests for the SEC's exemptive authority on a case-by-case basis raises many practical questions regarding how this might work in the limited time available before the annual reports are due. We believe the Proposed Rule should contain an express exemption from reporting for countries that prohibit disclosure or when disclosure would result in a breach of contract. The exemptions should also extend to circumstances where issuers have well-grounded concerns that issuer assets, employees, or contractors could be put at risk of harm.

**Chevron supports the disclosure by subsidiaries and other controlled entities under the proposed rule.** We strongly support the SEC's decision to define the terms "subsidiary" and "control" consistent with generally accepted accounting principles ("U.S. GAAP") rather than the definitions provided in Rule 12b-2. Following U.S. GAAP definitions will reduce compliance costs for issuers, as the

information is readily available in the existing financial systems. It will also improve the quality of the reported payments and eliminate the risk of multiple issuers reporting the same duplicative payments.

**Chevron opposes the proposed definition of control as it relates to proportionally consolidated entities.** We oppose the proposed definition of control as it pertains to proportionally consolidated entities and the requirement to report the issuer's proportional share of eligible payments. Since the government payments often reside in the systems of the project operator, we believe the paying company (usually the operator) should be responsible for reporting the entire payment. Only the paying company knows the exact amount, payee, and timing of such payments. To require partners to report their share of such payments would further increase compliance costs.

Thank you for the opportunity to provide comments. If you have any questions on the content of this letter, please contact Al Ziarnik, Assistant Comptroller, at [REDACTED].

Very truly yours,

A handwritten signature in blue ink, appearing to read "A. Ziarnik", is written over a large, stylized blue scribble.

Cc:

Chair Mary Jo White

Commissioner Kara M. Stein

Commissioner Michael Piwowar

Katherine Martin, Associate Director, Office of International Affairs

Keith Higgins, Director, Division of Corporation Finance

Elizabeth Murphy, Associate Director, Division of Corporation Finance

Barry Summer, Associate Director, Division of Corporation Finance