



February 1, 2008

Securities and Exchange Commission  
Attention: Nancy M. Morris, Secretary  
100 F Street, NE  
Washington, DC 20549-1090

By E-Mail

RE: File Number S7-29-07  
Concept Release 33-8870

Dear Ms. Morris:

The American Exploration & Production Council (AXPC) supports further consideration and action by the Securities and Exchange Commission to modernize, clarify, and improve the consistency in interpretation and application of its oil and gas reserves disclosure requirements.

Although individual large US natural gas and oil exploration and production company members will provide more detailed responses to the questions in the Concept Release referenced above, the AXPC as an organization provides the following more general comments.

Oil and gas are the mainstays of America's energy mix. Reliable, relatively inexpensive, and transportable oil and gas fuel our vehicles and power our homes and businesses. The supply of these remarkable fuels is dependent not only on the technical expertise and imagination of the men and women who search for hydrocarbons deep beneath the surface of the earth but also on an ample and readily accessible supply of investment funds.

To raise the required capital to explore for, find, and produce oil and gas, many companies issue equity capital in the form of stocks and bonds. In the United States, the Securities and Exchange Commission regulates such issues, and in the case of oil and gas producing activities, requires disclosure of the main assets of upstream firms, oil and gas reserves. In Regulation S-X, Rule 4-10(a), the definitions of proved reserves and the form of disclosure are specified. The rules, based on Statement of Financial Accounting Standards No. 19, 25, and 69 (issued in December 1977, February 1979, and November 1982, respectively), were based on economic conditions and technology of the oil and gas producing industry at the time. Since that time, exploration and producing technology has improved tremendously, and the marketing conditions under which the resulting products are sold bear little resemblance to the conditions then.

In view of the changes noted above, the American Exploration & Production Council strongly urges the Commission to review the current oil and gas reserves disclosure system and modify that system to allow the oil and gas producing industry to better inform investors and all stakeholders about the results of its efforts and how business decisions are made. Many companies, investors, analysts, and researchers have called for just such a review and modification over the past few years.

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They believe that the current system does not allow investors to understand the true potential of both producing fields and new discoveries. There is a fundamental difference in the definitions used among different federal agencies that request and report reserves information. For example, the Energy Information Agency rules reflect the definitions promulgated by the Society of Petroleum Engineers and the World Petroleum Council in 1997. Those definitions support the use of the latest technology and offer technical guidance in separate publications.

New definitions with appropriate guidance were issued by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers in March 2007. These definitions could form bases for new definitions and guidance for the Commission, which could modify them as necessary.

In addition, we recommend that the Commission consider establishment and use of an independent advisory organization as a consultative body for the Commission and its Division of Corporation Finance and Office of Natural Resources that may assist them in keeping definitions and guidance current. This would more closely align the technical aspects of the Commission's activities with the accounting side, which utilizes the Financial Accounting Standards Board.

Finally, we urge that any requirements be more clearly articulated in the future, including by more formal publication and circulation of interpretations to promote consistency among companies and over time.

Thank you for considering our views.

Sincerely,

A handwritten signature in dark ink, appearing to read "W. Whitsitt", written in a cursive style.

William F. Whitsitt

President