

February 19, 2008

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

RE: File Number S7-29-07

Dear Ms. Morris:

Netherland, Sewell & Associates, Inc. appreciates the opportunity to provide responses to the U.S. Securities and Exchange Commission (SEC) regarding its Concept Release on "Possible Revisions to the Disclosure Requirements Relating to Oil and Gas Reserves". We believe it is appropriate and beneficial for the SEC to solicit and consider input from the oil and gas industry and financial community on reserve definitions and disclosures and that those parties are best suited to fully understand the benefits and drawbacks to changes in the disclosure requirements.

Our role as an independent third party evaluator is to evaluate, classify, and categorize the reserve and resource volumes according to the definitions and guidelines pertinent to the usage of our report, whether for public filings such as the SEC, Alberta Securities Commission, and London Alternative Investment Market, or for private financing for individuals, investment banks, or oil and gas companies. As such, our responses are directed more to the practical nature of the SEC questions and are not intended to be as detailed as the responses from the publicly traded oil and gas companies which are being regulated by the SEC, nor the financial institutions which attempt to value the companies based on reserve disclosures. As many of the questions are interrelated, we have chosen to provide the general responses below rather than specific responses to each question.

We recommend the principal-based SPE-PRMS be adopted as the SEC reserves disclosure framework. The efforts of the SPE, SPEE, WPC, and AAPG in the area of reserve/resource definitions and guidelines have been directed toward the concept of a single set of definitions to be used globally for all reserve evaluators. We have seen the 1997 SPE/WPC reserve definitions and the 2000 SPE/AAPG/WPC resources definitions become widely used and accepted by the industry in our evaluations around the world and believe the 2007 SPE-PRMS builds on the concepts set forth in the 1997 and 2000 documents. The SPE-PRMS, although not perfect, has been crafted by technical specialists knowledgeable in the issues of reserve estimation, risk, uncertainty, and investment decision making. In addition, the SPE Oil and Gas Reserve Committee recognizes the need to periodically update these definitions to address changing technology and commercial issues. In the event the SEC ultimately decides there should be additional guidance or rules beyond the SPE-PRMS, it is our opinion that it would be beneficial to build on the SPE-PRMS rather than have two completely different sets of definitions.

Regarding the disclosure of reserves beyond proved reserves, it is our observation that (1) most E&P companies make their investment decisions on their best estimate (essentially proved plus probable) reserves and (2) the international marketplace has more experience with and a better understanding of proved plus probable reserves than the U.S. marketplace. It is seemingly inconsistent for companies to make an investment based on proved plus probable reserves and then be limited in showing only the proved component of those reserves. An allowance, but not a requirement, by the SEC for the disclosure of proved and probable reserves as defined by the framework set forth in the SPE-PRMS would provide an additional degree of transparency into the investment decision making process used by the companies.

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While we understand the original logic for the current requirement of using prices in effect on December 31<sup>st</sup> for the determination of reserves and standardized measure, this requirement has some inherent flaws. The wide fluctuation in daily market prices and the different sources for these prices make it difficult for different evaluators to use the same basis for year-end prices. Using a 12-month average of prices actually received would greatly reduce the inconsistent use of reference prices and differentials. Also, knowing the price to be used earlier in the process, for example using a 12-month period ending September 30<sup>th</sup>, would allow for a more timely disclosure of reserves and financials.

It should be understood that the comments included herein are from Netherland, Sewell & Associates, Inc. alone and do not necessarily represent the viewpoints of our clients. Thank you again for your request for comments and we fully support your efforts in this endeavor. Please let us know if you have any further questions.

Sincerely,

**NETHERLAND, SEWELL & ASSOCIATES, INC.**

By:   
C.H. (Scott) Rees III, P.E.  
Chairman and Chief Executive Officer

CHR:SDB