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Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC
20549-1090

Disclosure of Payments by Resource Extraction Issuers
SEC File Number S7-42-10

Dear Ms. Murphy,

Nexen Inc. (Nexen) would like to thank the Securities and Exchange Commission (Commission) for the opportunity to provide comments on the proposed rule regarding *Disclosure of Payments by Resource Extraction Issuers* (proposed rule) under Section 13(q) of the Securities Exchange Act of 1934.

Nexen is an independent, Canadian-based global energy company with operations in the United Kingdom, Norway, the United States, offshore Nigeria, Canada, Yemen and Colombia. Our activities include conventional and non-conventional operations such as oil sands, coal bed methane and shale gas. Our shares are listed on the Toronto and New York stock exchanges.

Nexen is committed to responsible energy development. Annually, we prepare and distribute a sustainability report which provides information to external stakeholders on the environmental, social and economic aspects of our business. Within the report, we include disclosures of payments made to the governments of the countries in which we operate.

The Commission has requested comments on numerous aspects of the proposed rule. We endorse the comment letters submitted by the American Petroleum Institute and Exxon Mobil. We have provided certain comments on major themes and included them in sections below.

Foreign Private Issuers

The International Accounting Standards Board has recently considered a proposal that would require comparable payment disclosure in financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). As a Canadian company, Nexen was required to adopt IFRS this year and would be subject to any such changes to those financial reporting standards. Foreign issuers subject to IFRS or similar regulatory requirements in their home jurisdictions should be exempted from reporting under the proposed

disclosure requirements, which would eliminate the risk of conflicting requirements and duplicative disclosure.

Safety and Security

We firmly believe that our operations should cause no harm to employees, contractors or citizens of a country. While we appreciate that these proposed disclosure requirements are ultimately intended to benefit the long term interests of the countries in which we operate, we are concerned that making project level disclosures available publicly potentially provides critical information to terrorists or other interest groups that may result in harm to people involved with or living near oil, natural gas, or mineral operations. Significant safeguards should be included in the final rules to apply the precautionary principle. Such safeguards include having the Commission compile the information that was submitted confidentially on an aggregated basis.

Competitiveness and Confidentiality

Public disclosure of project information may result in issuers releasing information that is commercially sensitive. This disclosure could put issuers at a competitive disadvantage to industry participants not subject to the same requirements. We believe that we already apply a high standard of transparency and governance in the areas in which we operate. These rules may ultimately exclude us from operating in certain countries and could severely impair any ability to effect change through this or any other initiative (e.g. EITI).

De Minimis

With the concept of de minimis there is a balance that must be achieved in the determination of an appropriate threshold. Providing a threshold for disclosure that is specific to the entity helps to reduce the volume of disclosure and permits entities to manage the costs of compliance. Materiality is pervasive and widely understood in financial reporting and would fit well in the proposed framework. On the other hand, materiality in the terms of an entity's size could create competitiveness issues between small and large companies. Entities that are larger than Nexen would have the advantage of using a significantly higher materiality threshold for determining whether to disclose or aggregate information and report less, or less detailed, information than their smaller competitors. This information disparity could impair the competitiveness of smaller issuers who compete with larger issuers for the same exploration opportunities. In the interests of fairness amongst the issuers subject to these proposed disclosure rules, we believe that a universal de minimis threshold should be established for all entities.

Annual Report

Given the importance and time constraints of current financial reporting obligations, we propose that entities furnish the required disclosures on an annual report separate from the 10-K, 20-F or 40-F no later than 180 days after the end of the issuer's fiscal year end. We believe this will enable issuers to devote resources to priority matters. Further, we believe that filing an amended 10-K, 20-F or 40-F would be confusing to investors.

Compilation by SEC

According to Section 13(q), issuers are required to make disclosures to the Commission on an annual report. The Commission is then required to make a compilation of disclosures available. The statute puts the onus of making payment information public upon the Commission. This aligns with the objective of increasing transparency because a country-by-country presentation for resource revenues is currently lacking in the public realm. Disclosures by project and by company do not materially enhance the information. We believe that maintaining the information submitted by issuers confidential and providing the country-by-country summary publicly appropriately promotes transparency while balancing the concerns around disclosure of sensitive information. Furthermore, we do not believe it was the intention of the legislative process to reduce the ability of SEC registrants to compete in the global oil, natural gas, or minerals marketplaces.

Effective Date

There are significant additional disclosures that are incremental to those included in our annual sustainability report. These disclosures would likely require changes to our systems and processes. If the proposed rules are implemented with an effective date of April 2012, there are only eight months from issuance of final rules to when entities need to be ready to collect information. We believe that additional time is necessary, especially considering that significant changes to the same financial reporting systems are likely required as a result of the high-impact convergence activities of the FASB and IASB. We believe that the first period that the disclosures could reasonably be made is for fiscal years beginning after December 31, 2013.

We are available to discuss our letter or any other matter in connection with the proposed rules. You can reach me at (403) 699-4000.

Yours Sincerely,

Brendon Muller CA
Controller & VP Insurance