Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

28 February 2011

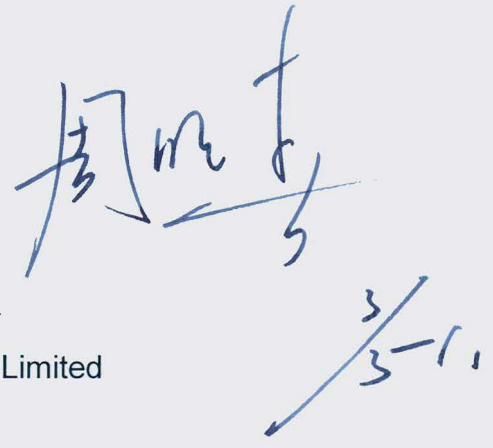
Proposed rule: Disclosure of Payments by Resource Extraction Issuers
(Release No. 33-63549)
Commission File No. S7-42-10

Dear Ms. Murphy,

We set out, in the Appendix to this letter, our comments in relation to the proposed *Disclosure of Payments by Resource Extraction Issuers* rule. The purpose of the proposed rule being to implement provision 1504 from the *Dodd Frank Wall Street Reform and Consumer Protection Act*.

Kindly contact Ms. Yu Meng, PetroChina Company Limited, Finance Department at +86 10 5998 6089, email: yumeng@petrochina.com.cn in relation to any questions you may have on the contents of this letter.

Yours sincerely



Mr Zhou Ming Chun
Chief Financial Officer
PetroChina Company Limited

APPENDIX

Question 1:
Should the Commission exempt certain categories of issuers, such as smaller reporting companies or foreign private issuers, from the proposed rules? If so, which ones and why? If not, why not? Would providing an exemption for certain issuers be consistent with the statute? If we do not provide such an exemption when adopting final rules, would foreign private issuers or any other issuers deregister to avoid the disclosure requirement?

We believe the Commission should provide partial exemption for FPIs as the proposed types of payments are already required to be made under International Financial Reporting Standards (IFRS, on the basis of which some FPIs prepare their financial statements included in its annual Form 20-F filings).

More importantly, the Commission must equally and equitably afford FPIs a discretion available to domestic registrants by way of Instruction E to Form 10-K (reproduced below) without which FPIs would potentially violate foreign government prohibitions for disclosure of information, be forced to abandon projects, renegotiate existing contracts or pay consequential damages for such violation. These consequences will be detrimental to FPIs and its investors.

Instruction E to Form 10-K
Disclosure With Respect to Foreign Subsidiaries.
Information required by any item or other requirement of this form with respect to any foreign subsidiary may be omitted to the extent that the required disclosure would be detrimental to the registrant. However, financial statements and financial statement schedules, otherwise required, shall not be omitted pursuant to this Instruction. Where information is omitted pursuant to this Instruction, a statement shall be made that such information has been omitted and the names of the subsidiaries involved shall be separately furnished to the Commission. The Commission may, in its discretion, call for justification that the required disclosure would be detrimental.

The Commission can also expect FPIs to deregister as a result of the adoption of the final rules as proposed.

Question 3:

Should the Commission provide an exemption to allow foreign private issuers to follow their home country rules and disclose in their Form 20-F the required home country disclosure?

As noted in our response to Question 1, we believe the Commission should provide an exemption to FPIs to follow their home country rules and disclose in their Form 20-Fs the required home country disclosures and the reasons include:

a) The types of payments proposed are required by IFRS as issued by the International Accounting Standards Board (the IASB) and already disclosed by FPIs to the extent that these are material,

b) The IASB is currently considering similar disclosures at a country level in its Extractive Activities - Discussion Paper; and

c) The Commission has already allowed FPIs to follow their home country rules with respect to executive compensation and corporate governance disclosures and hence a similar exemption can be provided in regards to the proposed final rules.

We do not believe it is necessary for an international company listed in multiple jurisdictions to make multiple and repetitive disclosures in its annual filings as this would only burden its shareholders and financial statements users with excessive information.

Question 12:
Should the definition of "payment" include the list of the types of payments from Section 13(q), as proposed? Are there additional types of payments that we should include in the definition of "payment?" Should the definition exclude certain types of payments? Are there certain payments, for example, specific types of taxes, fees, or benefits that we should include in, or exclude from, the list? Alternatively, should we provide guidance in our rules in the form of examples of payments that we believe resource extraction issuers would be required to disclose?

As the Commission has proposed to disclose payments that are part of the "commonly recognised revenue stream for commercial development of oil,

natural gas or minerals" and it is possible that the scope of such payments may change over time, we believe that whilst an exhaustive list of the types of payments which could be made to governments is not feasible, those types of payments represented in Section 13(q) are appropriate and well understood within the industry.

Question 20:
Should we include a broad, non-exclusive definition of "other material benefits," such as benefits that are material to and directly result from or directly relate to the exploration, extraction, processing, or export of oil, natural gas, or minerals? Or would including a broad definition be inconsistent with the statutory language directing us to identify other material benefits that "are part of the commonly recognized revenue stream for the commercial development of oil, natural gas, or minerals?"

The inclusion of a broad, non-exclusive definition of "other material benefits" would be inconsistent with the statutory language as payments "commonly recognized with the revenue stream for the commercial development of oil, natural gas, or minerals" are sufficiently understood within the industry. See also our response to Question 12.

Question 23:
"Social or community" payments generally include payments that relate to improvements of a host country's schools or hospitals or to contributions to a host country's universities or funds to further resource research and development. As proposed, our rules would not expressly include social or community payments within the definition of "payment." Some EITI programs include social or community payments while others do not. Are such payments part of the commonly recognized revenue stream for the commercial development of oil, natural gas, or minerals? Should we require disclosure of only certain "social or community" payments under the "other material benefits" provision, such as if those payments directly fulfill a condition to engaging in resource extraction activities in the host country?65 Would such payments be considered part of the commonly recognized revenue stream?

We agree with the exclusion of "social or community payments" from the definition of payments as these are not typically part of the commonly

recognized revenue stream for the commercial development of oil, natural gas or minerals.

Question 24:
Are there other types of payments that we should include as "other material benefits?" For example, should we, as requested by one commentator, require disclosure of "ancillary payments made pursuant to the investment contract (including personnel training programs, local content, technology transfer and local supply requirements)" and payments "related to any liabilities incurred (including penalties for violations of law or regulation, environmental and remediation liabilities, and bond guarantees entered into with the central banks or similar national or multi-national entities, as well as costs arising in connection with any such bond guarantees)"?

See our responses to Questions 12, 20 and 23.

Question 26:
Section 13(q) establishes the threshold for payment disclosure as "not de minimis," which we preliminarily believe is a standard different from a materiality standard. Is our interpretation that "not de minimis" is not the same as "material" correct?

The term "de minimis" is generally understood to be "something lacking significance or importance" or "so minor as to merit disregard". SAB 99 defines materiality as "a matter as material if there is substantial likelihood that a reasonable person would consider it important."

By extension, therefore, information that is "not de minimis" can be readily understood as information that is not insignificant enough to be disregarded and hence we believe the concept of "not de minimis" equates with that of "material".

Further, the use of the concept of "not de minimis" allows registrants to exercise appropriate judgment in determining the payments required to be disclosed and also congruent with the requirements of Extractive Industries Transparency Initiative under which countries are free to establish a materiality level for disclosure.

Question 27:
Should we define “not de minimis” for purposes of the proposed rules? Why or why not? What would be the advantages or disadvantages of not defining that term? If the final rules do not provide a definition, should an issuer be required to disclose the basis and methodology it used in assessing whether a payment amount was “not de minimis?”

Consistent with our response to Question 26, we believe the phrase “not de minimis” is sufficiently clear that further explication is unnecessary, and we do not propose the Commission to prescribe a standard for what amounts would be considered de minimis or not de minimis for purposes of the new disclosure requirement.

Question 39:
Should we define “project” for purposes of this new disclosure requirement? If so, why? If not, why not?

Yes, we believe the Commission should define the term "project" and also limit the proposed disclosures to "material" projects.

As noted by the Commission, there is currently no commonly established definition for the term "project" and in the absence of a definition, disclosures to be made are likely to be varied and not comparable across companies.

The inclusion of the concept of materiality (a well understood concept across various industries) would also ensure that only information relevant to users of such information will be disclosed and makes the cost of complying with the final rules more reasonable.

Question 40:
If we should define “project,” what definition would be appropriate? Please be as specific as possible and discuss the basis of your recommendation.

Consistent with what the American Petroleum Institute proposed in their letter to the Commission dated October 12, 2010 and also the objectives of the final rules as well as that of the Extractive Industries Transparency Initiative (EITI),

we believe the definition of project can be broadened to include entire countries.

Question 44:
Should we permit issuers to treat operations in a country as a "project?" Would doing so be consistent with the statute?
As noted in our response to Question 40, under the EITI, many countries report payments received from companies on an aggregate basis. We firmly advocate a country-level aggregation unit for disclosure as it has been recognised by governments around the world and others as advancing the objective of revenue transparency while also protecting individual companies and shareholders from disclosure of commercially sensitive information.

Question 47:
Should we define "project" to mean a material project? If so, what should be the basis for determining whether a project is material for purposes of the resource extraction payment disclosure rules? Would defining project to mean a material project be consistent with Section 13(q)?

See our response to Question 39.

Question 48:
Should we permit issuers to aggregate payments by country rather than project?

See our response to Questions 40 and 44.

Question 58:
Are there circumstances in which the disclosure of the required payment information would jeopardize the safety and security of a resource extraction issuer's operations or employees? If so, should the rules provide an exception for those circumstances?

There can be anticipated circumstances when the disclosure of detailed payment information would jeopardise the safety and security of a resource extraction issuer's operations or employees, and the final rules should provide an exception in those circumstances. As a function of the Commission's eventual definition of "project" that it adopts, precise project-level payment

disclosures could allow groups or individuals to target a specific project in order to significantly affect a country's revenues, thereby destabilising that country's economy and placing the people that work at these projects at personal risk.

As a result of these risks, an exception must be provided in the final rules that permits redaction for a period of time of any information that might cause safety or security concerns. A broad definition of "project" (including aggregating disclosures at a country-level) as set out in our response to Question 40 will certainly help mitigate these risks.

Question 59:
Should we permit a foreign private issuer that is already subject to resource payment disclosure obligations under its home country laws or the rules of its home country stock exchange to follow those home country laws or rules instead of the resource extraction disclosure rules mandated under Section 13(q)?

See our response to Question 1.

Question 62:
We note that the definition of foreign government would include a company owned by a foreign government. We understand that in the case of certain state owned companies, the government would be a shareholder. Thus, certain transactions may occur as transactions between the company and the government and as transactions between company and shareholder. Should we adopt specific rules or provide guidance regarding payments made by state owned companies that distinguish between such types of transactions?

We do not support the provision of specific rules or guidance that distinguish transactions between a registrant with its parent company with the latter either in the capacity as a shareholder or government. We note that existing related party disclosure requirements under IFRS already address such transactions and do not make such a distinction. Given the possible extensive transactions between a registrant with its parent company, any guidelines are unlikely to be neither comprehensive nor meaningful.

Question 63:
Under Section 13(q) and the proposal, the definition of "foreign government" includes "a company owned by a foreign government." We are proposing to include an instruction in the rules clarifying that a company owned by a foreign government is a company that is at least majority-owned by a foreign government. Is this clarification appropriate? Should a company be considered to be owned by a foreign government if government ownership is lower than majority-ownership? Should the rules provide that a company is owned by a foreign government if government ownership is at a level higher than majority-ownership? If so, what level of ownership would be appropriate? Are there some levels of ownership of companies by a foreign government that should be included in or excluded from the proposed definition of foreign government?

We support that the majority-ownership criteria is a good starting point but we suggest that the Commission also need to look at the extent to which the government has control over the company and also the extent of advances and payments by the company to the government.

Question 79:
Should we require the resource extraction payment disclosure to be electronically formatted in XBRL and provided in a new exhibit, as proposed? Is XBRL the most suitable interactive data standard for purposes of this rule? If not, why not? Should the information be provided in XML format? If so, why? Are there characteristics of XML, such as ease of entering information into a form, which makes it a better interactive data standard for the payment information than XBRL? Would the use of the XBRL taxonomy based on U.S. GAAP cause confusion in light of the fact that the information required under Section 13(q) is information about cash or in kind payments (that are not computed in accordance with GAAP) made by resource extraction issuers? Should we require an interactive data standard for the payment information other than XML or XBRL?

We do not support the resource extraction payment disclosures to be electronically tagged in XBRL format nor provided as a second exhibit. The Commission has, in its implementation of the XBRL requirements to annual

filings, limited the scope of such interactive disclosures to only financial statements. We thus do not see any justifiable reason for a departure from this stated scope.

Question 90:
Should the resource extraction payment disclosure be furnished annually on Form 8-K? Would that approach be consistent with the statute? If so, should foreign private issuers, which do not file Forms 8-K, be permitted to submit the resource extraction payment disclosure either in their Form 20-F or Form 40-F, as applicable, or annually on Form 6-K, at their election?

We support the Commission's proposal to allow FPIs to file their resource extraction payment disclosures annually on a Form 6-K.

However, if the Commission decides to require FPIs to include such disclosures as part of an FPI's annual report, such information should be furnished rather than filed as an exhibit and therefore not subject to the liability under Section 18 of the Exchange Act.

Question 91:
Should we provide a delayed effective date for the final rules, either for all issuers subject to the rules or for certain types of issuers (e.g. smaller reporting companies or foreign private issuers)? Would doing so be consistent with the statute? Why or why not? If we should provide for a delayed effective date, should issuers be required to provide disclosure in an annual report for the fiscal year ending on or after June 30, 2012, September 30, 2012, December 31, 2012, or some other date?

To fulfill the disclosures required by the proposed final rules, in its current form, would necessitate onerous changes to filers' existing ERP systems. This is coupled with the significant changes to be made in light of the numerous new IFRS to be implemented in the course of the next few years.

With the final rules expected to be released by April 15, 2011 and a current expected effective date for annual reports relating to fiscal years ending on or after April 15, 2012, there is only eight months remaining for an ERP changes to be completed so as to capture information for disclosure from January 1,

2012. This is a difficult if not impossible timeline to meet.

On the basis of the foregoing, we recommend that the effective date for the proposed disclosures to be effective for fiscal years ending on or after December 31, 2015.