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

Re: File No. S7-29-07 - Concept Release on Possible Revisions to the Disclosure Requirements Relating to Oil and Gas Reserves

Dear Ms. Morris:

I am writing, on behalf of Imperial Oil Limited, in response to your request to comment on the *"Concept Release on Possible Revisions to the Disclosure Requirements Relating to Oil and Gas Reserves"*. We appreciate the opportunity to provide comments.

Imperial Oil is a Canadian incorporated company and a large accelerated *Form 10-K* filer with the Securities and Exchange Commission (SEC). The company is one of Canada's largest integrated oil companies. It is active in all phases of the petroleum industry in Canada, including the exploration for, and production and sale of, crude oil and natural gas. In addition to conventional oil and gas, the company's wholly owned facilities at Cold Lake, Alberta, Canada produced 154 thousand barrels of heavy oil a day in 2007 and the company's share of synthetic crude oil production from the Syncrude oil sands operation, near Fort McMurray, Alberta, Canada, in which the company has a 25 percent interest, was 76 thousand barrels a day in 2007.

In response to your questions under comment area number 10, Imperial Oil believes the use of year-end prices in determining reserve quantities should be discontinued. The use of year-end prices for reserves estimation introduces short-term price volatility into the process since significant annual adjustments are often required based on prices occurring on a single day. This approach is inconsistent with the long-term nature of the oil and gas business where production from individual projects often spans multiple decades. For example, Imperial Oil's reported heavy oil proved reserves at Cold Lake on December 31, 2005 were 567 million oil-equivalent barrels (OEB), 328 million OEB higher than reserves reported based on December 31, 2004 prices. At the same facility, Imperial Oil reported 765 million OEB on December 31, 2006, 198 million OEB higher than reserves reported based on December 31, 2005 prices. Annual variations in reserves based on such year-end prices are not of consequence to how the business is actually managed or to how the resources are developed. In addition, the year end pricing requirement does not provide meaningful information to investors and does not necessarily provide a good basis to evaluate a company's enterprise value. We recommend that reserves be calculated using a 12-month average price, as outlined in the Society of Petroleum Engineers' (SPE) Petroleum Resources Management System (PRMS). This approach would maintain the comparability of disclosures between the companies, but would eliminate the volatility that can be created by the use of single-day prices. We recommend that the 12-month period run from October 1 of the previous year to September 30 of the reporting year for companies with a fiscal year ending on December 31. This would achieve the desired averaging effect and would also allow preparers to better manage their year-end workloads. Presently, all the necessary final reserve calculations and disclosures have to be prepared in the relatively short time frame between December 31 and the required filing dates for Form 10-K. Companies should be allowed, but not required, to present sensitivity analyses that quantify the effect of prices on the level of proved reserves.

In response to your questions under comment areas number 11, 12, and 13, we recommend that the current restrictions on including oil and gas reserves derived from tar sands, oil shale and other such sources be eliminated. Removing this exclusion would improve disclosure quality as it would present upstream operations to investors and other financial statement users on the same basis that company management views such operations. The investment community also views hydrocarbons produced from such resources as an integral part of the upstream oil and gas production business. We believe the Commission's guidelines should be aligned with the SPE framework which focuses on the nature of what is ultimately produced versus the extraction method that is utilized. The physical form should be based on volumes flowing into the plant inlet of any further downstream refining and chemical processing. From internal management's perspective, Imperial Oil has always treated its Syncrude oil sands reserves and their development as an integral part of its total oil and gas activities. It is only the exclusion found in the current SEC reserve reporting guidelines that causes Imperial management to separate out Syncrude production activities for public reporting.

In response to your questions under comment area number 15, Imperial Oil does not support requiring companies to engage an independent third party to evaluate their reserves estimates. We believe that the professional technical staffs of companies are in the best position to determine reserves because of the inherent complexity of the estimating process and the breadth and complexity of resources owned by most industry companies. Contractual engagements with a third party by their very nature tend to limit the time and depth to which an assessment can be performed. In addition, a requirement for third party evaluation would be inoperable from the outset as the capacity of existing third party reserve evaluation consultants is far short of what would be required to handle existing registrants. It is also unclear how such a system could be managed to produce independent valuations in time to meet the periodic reporting deadlines of registrants.

Finally, in response to your questions under comment area number 2, Imperial Oil recommends that the Commission continue to require the reporting of proved reserves only. Investors, other financial statement users, and registrants would not be well served by the mandated inclusion of probable reserves or other reserve categories below the proved threshold due to the increased uncertainty of resources in these categories and the breadth of methodologies and evaluation techniques that may be employed in the calculation of unproved reserves. Proved reserves are more aligned with the measures of revenue, income, profitability and cash flow on which investors are focused. Reporting of reserve/resource categories below the proved threshold could also expose companies to additional, unwarranted litigation due to the increased risk associated with the uncertainty of these categories. As an alternative to mandatory reporting of probable reserves in a *filed* SEC document, it should be noted that industry companies make significant supplemental data available to the investing public through information contained in the non-filed portions of the Annual Report to shareholders, Annual Operating Summaries and other periodic management presentations to the financial analyst community.

Yours truly,

/s/ Paul A. Smith