275

EDGE PETROLEUM CORPORATION

John W. Elias
Chairman, President & CEO

March 24, 2006

Nancy M. Morris
Federal Advisory Committee Management Officer
Securities and Exchange Commission
100 F Street, NE
Washington, D.C., 20549-1090

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Fax: 202-772-9324
Attn: Federal Advisory Committee Management Officer

RE: Comments on Exposure Draft of Final Report of Advisory Committee on Smaller Public Companies – File No. 265-23

Dear Ms. Morris:

I am John Elias, Chairman, President and CEO of Edge Petroleum Corporation, a company that would be categorized as a "smallcap" company under the proposed definitions in the Exposure Draft. Our market capitalization at December 31, 2005 was approximately $429 million with revenue of $122 million. I appreciate the opportunity to provide the following comments on this proposed Final Report.

1. We agree with the recommendation for a new scaled securities regulation system for smaller public companies based on their size.
    a. The implementation and ongoing compliance with Sarbanes Oxley stretched our internal resources and forced us to hire outside consultants to accomplish the objectives in the time frame allowed. As a small company, we were not required to have an internal audit department. During the first year of implementation we outsourced this function and added an internal audit department in the second year. Large companies typically have this department and its related processes in place and do not have the set-up cost of implementation that start up and smaller companies experience.
    b. Due to our size, we have historically relied on the resources of our external auditors on complex accounting issues. SOX greatly decreased our ability and willingness to seek this advice. Further, the inability to consult with our auditors has forced us to seek tax advice from another firm when the combination of tax and audit services from the same firm would provide better communication and synergy in addressing issues facing the company.

    c. As of a result of complying with the Sarbanes Oxley Act, our general and administrative costs for 2004 and 2005 increased significantly in the areas of director and officer insurance costs, audit and consulting fees and board of director compensation.

2. We support the recommendation that a small cap size company such as Edge would be required to disclose, in an annual report, a statement of management responsibility for establishing and maintaining internal control over financial reporting with an assessment of the effectiveness of internal control over financial reporting but would be exempt from the external auditor reporting.
    a. As a small company, we identified 19 processes and 43 tests necessary to assess the effectiveness of our internal controls. We are a single location and our control environment is considered strong. Internal audit performed the work necessary and concluded that our internal controls were operating effectively. Management reported its assessment of internal controls and provided officers' certifications in accordance with Section 302.
    b. The external auditors performed field work almost continuously over a six month period at year-end on these processes and reached the same conclusion.
    c. In addition, for both 2004 and 2005, a significant amount of time was focused on IT. As a small company, our IT department is comprised of two employees. Our software is purchased and no programming is developed yet weeks were spent internally, as well as hiring a consultant, to comply with the external auditor's requests.
    d. The amount of time and fees paid for the auditors to reach the same conclusion clearly outlines the cost / benefit dilemma for a company that has a profile similar to Edge. It was surprising to us that for 2005, our SOX fees paid to our external auditors not only increased over the prior year but also exceeded our 2005 audit fees by 67%.
3. A substantial portion of the field work performed by our auditors was in regards to design and implementation with testing and evaluating operating effectiveness significantly less time consuming. As a result, we disagree with the alternative of developing a new auditing standard for smaller companies that limits the audit of internal control over only a portion of the process.
4. We would suggest that additional guidance or a framework for assessing internal control be provided by the SEC and PCAOB to management of small companies.
    a. Auditing Standard 2 was created for auditors not company management. The frameworks we utilized were COSO (Committee of Sponsoring Organizations of the Treadway Commission) and COBIT (Control Objectives for Information and Related Technology) which were difficult to apply in a small company with few employees. Not fitting into the "boxes" of these frameworks did not necessarily indicate that our internal controls were ineffective.
    b. In the second year of SOX, our auditors devoted more time to details and did not appear to take a risk assessment approach that relied on our strong control environment. We believe this was a direct result of comments our

auditors received from the PCAOB when our audit was selected for review. There seems to be a disconnect from the guidance we were hearing from the PCAOB (letter dated May 2005) and the information the field personnel of the oversight board were communicating to auditors.

Our experiences with Sarbanes Oxley both at implementation and a second time through are typical of what most companies our size experienced. Fees continue to rise and yet our approach to internal control, and how we run our business, has not changed significantly. While we feel we are over the hurdle in many respects, relief is needed for small companies especially those looking to enter the U.S. markets.

Thank you for your time,

John W. Elias
Chairman, President and CEO
Edge Petroleum Corporation