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[Sent via e-mail attachment to: rule-comments@sec.gov]

Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Comment on “Modernization of the Oil and Gas Reporting Requirements”; Your File No. S7-15-08

Ladies and Gentlemen:

I am submitting comments on the Commission’s proposed amendments to Rule 4-10 of Regulation S-X and related proposals described in the Commission’s RIN 3235-AK00.

By way of background, I have practiced either as an accountant/ CPA or as an attorney for more than 30 years. In recent years, I have spent considerable time analyzing financial statements of both government and publicly traded entities. My particular focus in the public entity area has been entities in the oil and gas industry for the purpose of investment analysis. As a result, I have actively utilized oil and gas data included in public filings made by businesses in the oil and gas industry. My personal experience in analyzing businesses in the oil and gas industry has led me to conclude that more and better information needs to be included in financial statements of that industry; in particular, data that can be used for comparative analysis is sorely needed.

I restrict my comments to those pertinent to financial analysis inasmuch as I do not have the petroleum engineering or geotechnical background necessary to respond to matters relating primarily to those fields.

My comments follow, keyed to the Table of Contents of the Commission’s request for comments:

Section II.C. Extraction of Bitumen and other Non-Traditional Resources.

Should we consider the extraction of bitumen from oil sands, extraction of synthetic oil from oil shales, and production of natural gas and synthetic oil and gas from coalbeds to be considered oil and gas producing activities, as proposed? Are there other non-traditional resources whose extraction should be considered oil and gas producing activities? If so, why?

Comment on Section II.C:

One of the main issues I have with reserve reporting in general is that not all reserves are created equal. Yes, one may be able to convert thousands of acres of “oil sands” into oil, but only at great cost. On the other hand, conventional reserves of equal quantity are just the same number of barrels as “oil sands” reserves.

Reserves should be broken down into more quantities based on the nature of the reserves. If reserves are reported as 100 million barrels, I want to know if the 100 million barrels is light, medium or heavy (and in what proportions). And if there is “bitumen” I want to know that because that is worth just a fraction of oil.

Encana has done a pretty good job of disclosing its realized prices for bitumen produced from “oil sands” and its related production costs. Anything approaching its reporting would be an improvement over current reporting.

It was unclear to me whether or not reserve reporting is restricted as “unconventional” for natural gas reserves extracted from shales, such as the Barnett Shale structure. It seems to me that natural gas production from formerly undrillable shale formations is not longer “unconventional” and should be reported.

Section II.G.1. Proposed replacement of certainty threshold.

Is it appropriate to prohibit a company from assigning proved status to undrilled locations if the locations are not scheduled to be drilled for more than five years, absent unusual circumstances, as proposed? Should the proposed time period be longer or shorter than five years? Should it be three years? Should it be longer, such as seven or ten years?

Comment on Section II.G.1:

If a reserve meets the definition of proved, I see no reason to cause it to be reclassified from proved simply because the reserves are not likely to be extracted in

a given time period. Indeed, a proved reserve downgraded to merely probable or possible based on time factors is oxymoronic almost by definition.

Investors have access to a variety of data available to them that allows them to consider the time frames for extraction of reserves in evaluating an entity.

For example, almost any investor considers the reserve life index of an entity as a metric of interest. The simple computation of a reserve life index, computed by dividing reserves by the recent rate of extraction, tells one that the reserves are unlikely to be extracted faster than that index absent either continued or accelerated drilling rates. Accelerated drilling rates are, of course, usually required due to normal production decline rates. Of more use to me as an analyst than reclassifying reserves into a different category are the decline rates on existing productive reserves so that I may estimate what the company must do to maintain or increase production levels, and some better disclosure of when the reserves might be exploited.

Another reason not to reclassify reserves based on time factors is that companies already report PV-10 values of future extraction. Converting future production to PV values takes into account the anticipated delays in bringing production to fruition. Rather than arbitrarily re-categorizing a proved undeveloped reserve as merely probable or possible, it would be more enlightening for the company to disclose the proved undeveloped reserves with subgroups of years within which those reserves may begin to be exploited.

As an example, consider which of these three disclosures tells an investor more about the identical 10 Mmbl of reserves:

A. Proved Undeveloped, 10 Mmbls;

B. Proved Undeveloped, 7 Mmbls and Probable 3 Mmbls; or

C. Proved Undeveloped

Exploitation likely to begin in 1-3 years	3 Mmbl
Exploitation likely to begin in 4-7 years	4 Mmbl
Exploitation likely to begin in 7-10 years	2 Mmbl
Exploitation likely to begin in > 10 years	1 Mmbl

I would say that C is by far the most useful disclosure. Combine C with some meaningful decline rate data, and I can draw meaningful conclusions about the company's future as well as compare the date to other similar entities.

Section III.B.3.i. Proposed Item 1202 (Disclosure of Reserves) – Oil and Gas Reserve Tables.

- **Should we permit companies to disclose their probable reserves or possible reserves? Is the probable reserves category, the possible reserves category (or both categories) too uncertain to be included as disclosure in a company’s public filings? Should we only permit disclosure of probable reserves? What are the advantages and disadvantages of permitting disclosure of probable and possible reserves, from the perspective of both an oil and gas company and an investor in an oil and gas company that chooses to provide such disclosure? Would investors be concerned by such disclosure? Would they understand the risks involved with probable or possible reserves?**

Comment:

The more disclosure the better. Investors “might” be misled by disclosures, but they are “certainly” misled by the lack of disclosure. Reporting should clearly and unambiguously disclose reserves by category and the definitions of reserve categories should be included in the filings.

- **Would the proposed disclosure requirements provide sufficient disclosure for investors to understand how companies classified their reserves?**

Comment:

Most investors understand the concept of “proved” and “possible” and the definitions will assist in understanding “possible.”

- **Would the proposed disclosure requirements provide sufficient disclosure for investors to understand how companies classified their reserves?**

Comment:

Yes, but see my comments with respect to Sections II.C and II.G.

Section II.B.3.ii. Optional reserves sensitivity analysis table.

Sensitivity tables are essential for understanding how price movements would affect reserves. The simple answer is that it should not only be allowed but required.

Some companies give sensitivity analyses in conference calls or presentations. There is no good reason that this important information should be excluded from SEC filings.

Very truly yours,

A handwritten signature in black ink, appearing to read "Brian A. Luscher". The signature is fluid and cursive, with a prominent initial "B" and a long, sweeping underline.

Brian A. Luscher