

SEC to industry: More details on technology, geography



The U.S. Securities and Exchange Commission wants more detail in year-end petroleum reserves disclosures and may issue additional guidance this year, said **H. Roger Schwall**, assistant director in the Division of Corporate Finance at the SEC. He made his remarks at a financial

reporting session of the United Nations Economic Commission for Europe in Geneva in late April. Schwall said his views did not necessarily reflect those of the SEC.

He remarked that the SEC wanted more specificity in disclosures related to the use of technology, new and significant bookings, credentials of reserves evaluators, costs of converting proved undeveloped reserves, use of average prices and assigning PUD locations more than one offset from a producing well.

He also said that the SEC received disclosure by groupings of continents that were not in close proximity, such as Australia and South America. Under the new rules, public issuers are required to disclose reserves by continent or country if they represent 15 percent or more of total reserves. SFAS 69 requires reserves disclosures to be separately reported for the company's home country and foreign geographic areas.

The SEC stated in the new rules, which went into effect for the first time at year end, that geographic reporting should provide greater specificity than simply

disclosing reserves within groups of countries and may be necessary to meet requirements of Item 102 of Regulation S-K.

At the session, **Kathryn A. Campbell**, a partner at Sullivan & Cromwell LLP law firm, said that in surveying the year-end filings of 30 large cap oil and gas companies, there were various interpretations of what constituted continents. She also noted that no company reported reserves by continent that would have resulted in field-level disclosure.

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— Campbell

Originally, companies objected to geographic reporting based on potential competitive harm, saying that in certain cases, such detail would put reserves in particular fields in the public domain.

Consistent with Schwall's remarks, Campbell said, “Only a few companies provided discussion of specific technologies and additions. Most provided lists of general types of technologies.” The SEC permits the

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Canada proposes ban on disclosing added resources and reserves

Oil and gas companies are criticizing a rule proposed by Canadian regulatory authorities that would prohibit disclosing hydrocarbon quantities derived by adding resources and reserves. Public issuers on the Canadian market are now allowed to report remaining recoverable resources, which are the sum of risked

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