



SEC Modernizes Oil and Gas Company Reporting Requirements to Provide Investors With More Meaningful and Comprehensive Disclosure

FOR IMMEDIATE RELEASE
2008-304

Washington, D.C., Dec. 29, 2008 — The Securities and Exchange Commission today announced that it has unanimously approved revisions to modernize its oil and gas company reporting requirements to help investors evaluate the value of their investments in these companies.

"In the more than a quarter century since the SEC last reviewed its rules in this area, there have been significant changes in technology that have increasingly limited the usefulness of current disclosures to the market and investors," said SEC Chairman Christopher Cox. "These updates to the SEC rules will help ensure more meaningful and comprehensive disclosure of information that, even though it does not appear on a company's balance sheet, is of significance to investors in making informed investment decisions."

John W. White, the Director of the SEC's Division of Corporation Finance, added, "The Commission's adoption of these rule amendments is the final phase of a key, long-term initiative of the Division of Corporation Finance and the Office of the Chief Accountant. These updated rules consider the significant changes that have taken place in the oil and gas industry since the adoption of the original reporting requirements more than 25 years ago."

The Commission staff first recommended the [issuance of a Concept Release](#) for public comment. Those public comments were used to formulate the [rule amendments that the Commission proposed](#) earlier this year.

The new disclosure requirements approved by the Commission include provisions that permit the use of new technologies to determine proved reserves if those technologies have been demonstrated empirically to lead to reliable conclusions about reserves volumes. The new requirements also will allow companies to disclose their probable and possible reserves to investors. Currently, the Commission's rules limit disclosure to only proved reserves.

The new disclosure requirements also require companies to report the independence and qualifications of a reserves preparer or auditor; file reports when a third party is relied upon to prepare reserves estimates or conducts a reserves audit; and report oil and gas reserves using an average price based upon the prior 12-month period rather than year-end prices. The use of the average price will maximize the comparability of reserves estimates among companies and mitigate the distortion of the estimates that arises when using a single pricing date.

* * *

The full text of the adopting release concerning these amendments will be posted to the SEC Web site as soon as possible.

#

<http://www.sec.gov/news/press/2008/2008-304.htm>

[Home](#) | [Previous Page](#)

Modified: 12/29/2008