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Insight to the Industry's SEC Reporting and Disclosure Under the New SEC Regulations

John Hodgin, P.G., P.E.
Ryder Scott Company



- The information conveyed in the following presentation represents informed opinions about certain laws, regulations and interpretations but should not be considered as advice or counsel about any specific provision or topic. The applicability of the guidance provided herein should be considered on a case by case basis.
- The SEC Comment Letters referenced herein have been disclosed by the SEC and are publicly available.

- ***Limited to technical issues relating to the estimation and reporting of reserves in public filings made with the SEC for the year ending 12/31/2009 and certain statistical measures based on filings for the year ending 12/31/2010***
- ***Not a comprehensive analysis of all comments issued to date by the SEC***
- ***Will present a few selected more frequently asked questions and responses as examples***



- ***Data Source:*** *The statistical data for this presentation was extracted from SEC Comment Letters, 10-K and 20-F Filings and is publicly available on the SEC's Electronic Data Gathering, Analysis and Retrieval system (EDGAR).*
- ***Sample Population:*** *110 Companies selected based on their rank by total asset value as of 12/31/2009 as published in the Sept. 6, 2010 Oil & Gas Journal; Vol. 108.33.*

Caution for Using Comment Letters

Be Aware of the Limitations



- Comments are formulated based on the staff's “understanding of that company’s facts and circumstances.”
- Caution should be exercised when attempting to interpret the exchange of comments and responses contained in comment letters as a proxy or substitute for SEC guidance.
- Not all of the facts considered and discussed may be part of the public record as certain information may be subject to confidential treatment under Rule 83 or the object of private phone conversations between the SEC staff and the filer.
- Comment letters should NOT be viewed as changing the SEC regulations or as SEC policy on any interpretative matter.

Source: www.sec.gov/divisions/corpfin/cffilingreview.htm

SEC Responses in Comment Letter Are Not Synonymous with Judicial Case Law

- Under common law systems, **case law** is the reported decisions of certain courts which result in new interpretations of the law and are cited as precedents. Under case law, courts are bound by their own previous decisions in similar cases. Common law courts generally explain in detail the legal rationale behind their decisions.

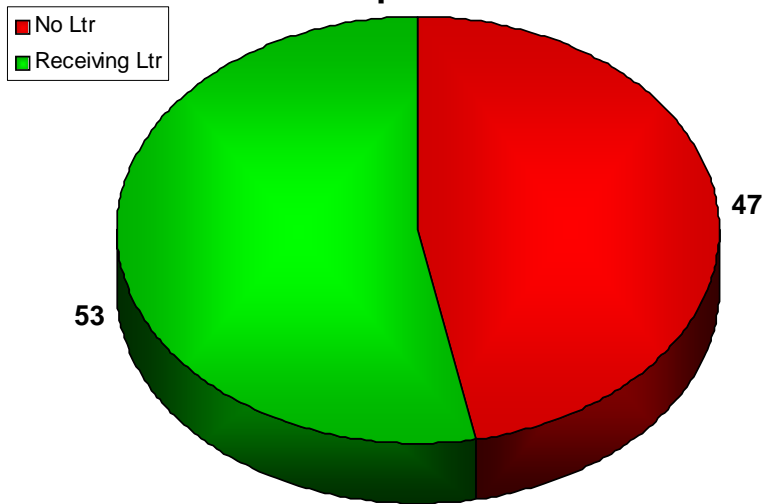


- The **SEC notes that views expressed by staff as either written or oral statements are “not legally binding due to their informal nature.”** These statements “do not necessarily contain a discussion of all material considerations necessary to reach the conclusions stated.” Information provided in the form of compliance and disclosure interpretations or “C&DIs” (e.g. Oct 26, 2009 SEC C&DI referencing certain aspects of the “Modernization”) are “intended as general guidance and should not be relied on as definitive.” “There can be no assurance that the information presented in these interpretations is current, as the positions expressed may change without notice.” The presenter suggest this guidance also applies to comment letters.
- **In conclusion, the views and interpretations expressed by SEC staff do not represent a binding precedent.**

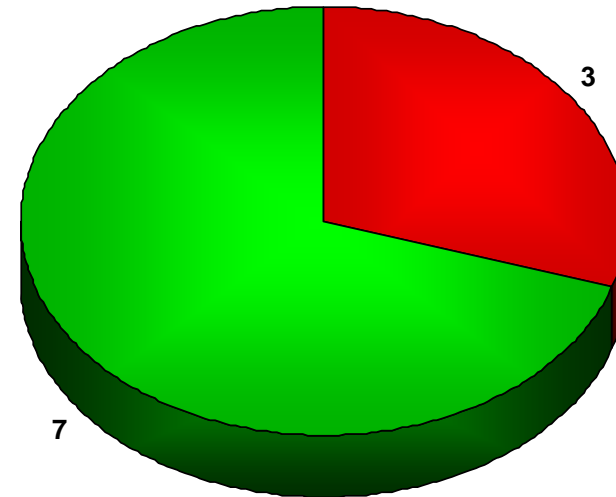
Source: www.wikipedia.org/wiki/Case_law
www.sec.gov/divisions/corpfin/cfguidance.htm

SEC Review of Year End Filings

SEC Comment Letters 12/31/2009 Year End
Top 100 10-K Filers*



SEC Comment Letters 12/31/2009 Year End Filings
Top 10 20-F Filers*



*Based on 12/31/2009 calendar or fiscal year end SEC filings of companies ranked by total assets in the annual Oil & Gas Journal at 12/31/2009.

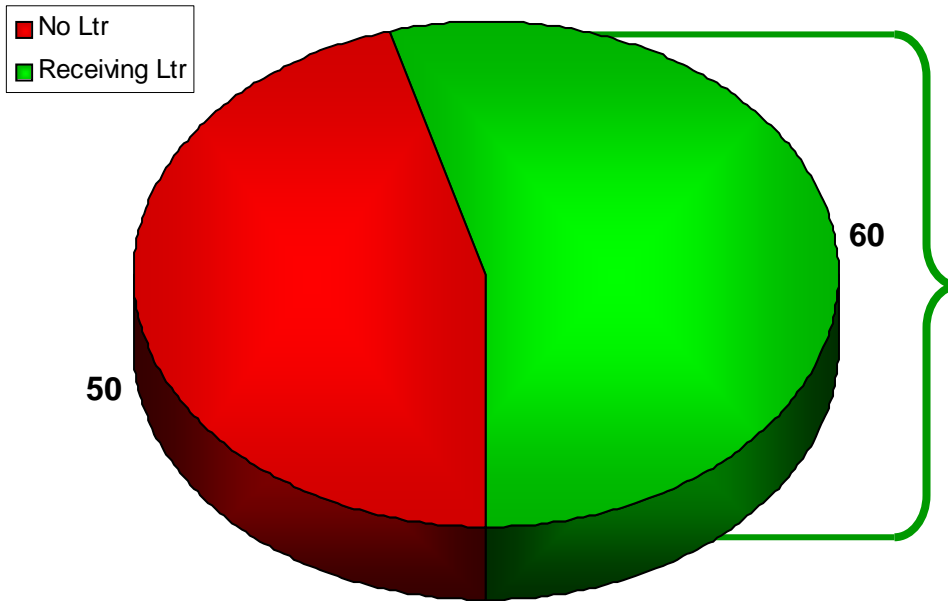
Why Wasn't Everyone Reviewed?



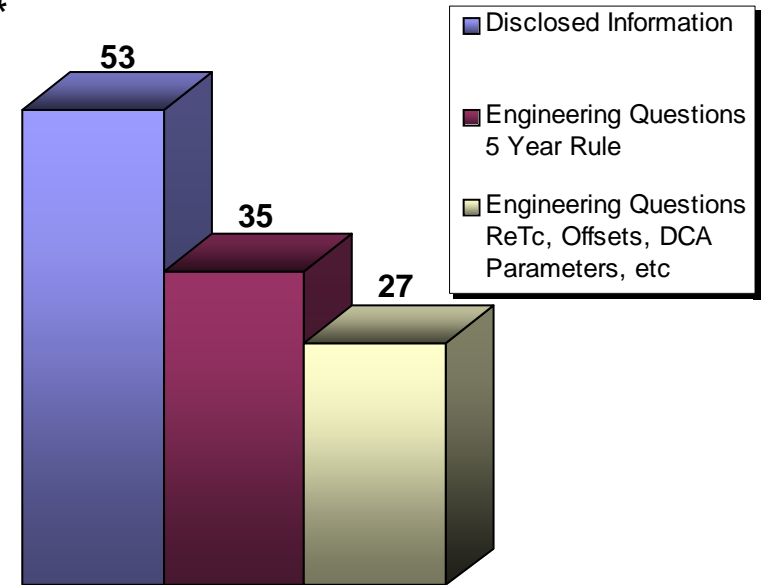
- Other than the reviews required by SOX, the **SEC selectively reviews filings to monitor and enhance compliance with the applicable disclosure and accounting requirements.** The decision to undertake a further review of a company's filings is based on a preliminary review. The SEC does not publicly disclose its preliminary review criteria. **The subject company is generally unaware of the review until it receives SEC comments.** The **SEC staff complete many filing reviews without issuing any comments.**
- In the filing review process, **the SEC concentrates its resources on** critical disclosures that appear to conflict with the Commission rules or the applicable accounting standards or on **disclosures that appear to be materially deficient in explanation or clarity.**

SEC Scrutinizes Year End Filings

SEC Comment Letters Issued 12/31/2009 Year End Filings
Top 100 10-K & Top 10 20-F Filers Combined*



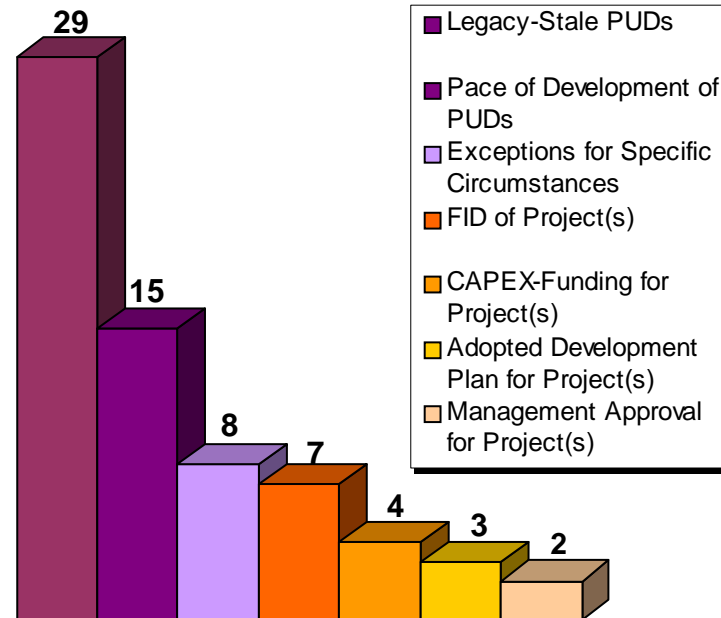
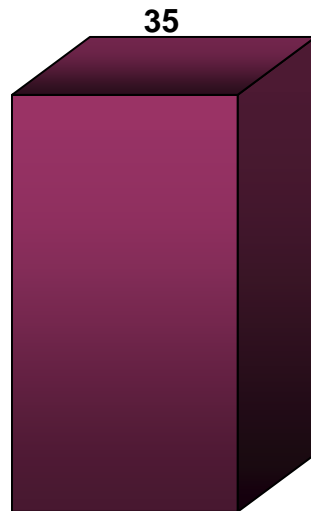
Breakdown of SEC Comments



5 Year Rule
Most
Reviewed
Technical
Issue

Breakdown of Questions Relating to Timeframe and Commitment to Convert Reserves from PUD to Dvl

Companies Receiving Engineering Questions Relating to 5 Year Rule



SEC Comments Relating to the PUDs That Remain Undeveloped for Five or More Years



U.S. Securities and Exchange Commission

Letter Dated: October 29, 2010

Topic: **Proved Undeveloped Reserves**

Reference: 12/31/2009 20-F Filing

"We note your discussion of reserves that remain proved undeveloped for five or more years. **Describe for us the specific field or projects involved.** For each field or project, **explain, in greater detail, the reason why the reserves remain undeveloped.** Also, tell us the volume of reserves at issue, by field or project and in total."

SEC Comments Relating to the Pace to Develop PUDs Within 5 Years



U.S. Securities and Exchange Commission

Letter Dated: April 14, 2010

Topic: **Proved Undeveloped Reserves**

Reference: 12/31/2009 10-K Filing

"You state that **you developed 81 million barrels equivalent of proved undeveloped reserves in 2009**. This represents approximately **19% of your total proved undeveloped reserves at year end 2008** and **10% of your proved undeveloped reserves at year end 2009**.

This rate of development of your proved undeveloped reserves at year end 2009 suggests that it will take approximately 10 years to develop all of your proved undeveloped reserves, assuming that no additional proved undeveloped reserves are added during that time.

As proved undeveloped reserves should generally be developed within five years of initially booking them as proved, please tell us your plan to accomplish this."

Source: Devon SEC Comment Letter Correspondence Apr 14, 2010; Question 5

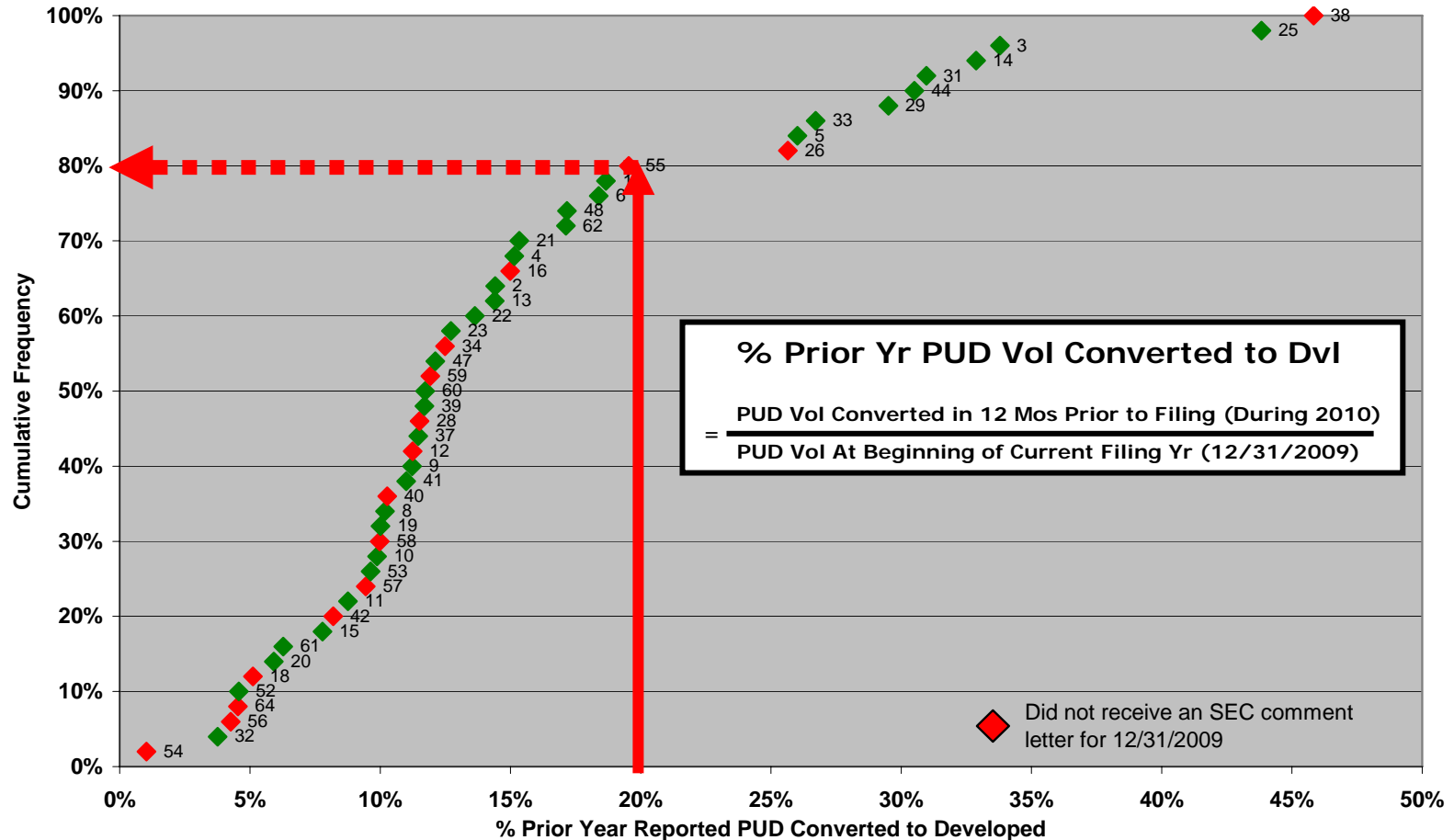
- **Required SEC Disclosure Information Provides Data for Two Key Metrics in SEC Test of 5 Year Rule**
 1. **Track Record** of converting PUD volumes reported in the prior year filing
 2. **Pace of development** which relates track record to PUD volumes reported in current filing
- Lets examine the **12/31/2010 10-K** data for the Oil & Gas Journal Top 50 10-K Filers

Track Record-Survey of O&G Journal

Top 50 10-K Filers 12/31/2010



Track Record
% of PUD Volume Converted to Developed in Prior 12 Months



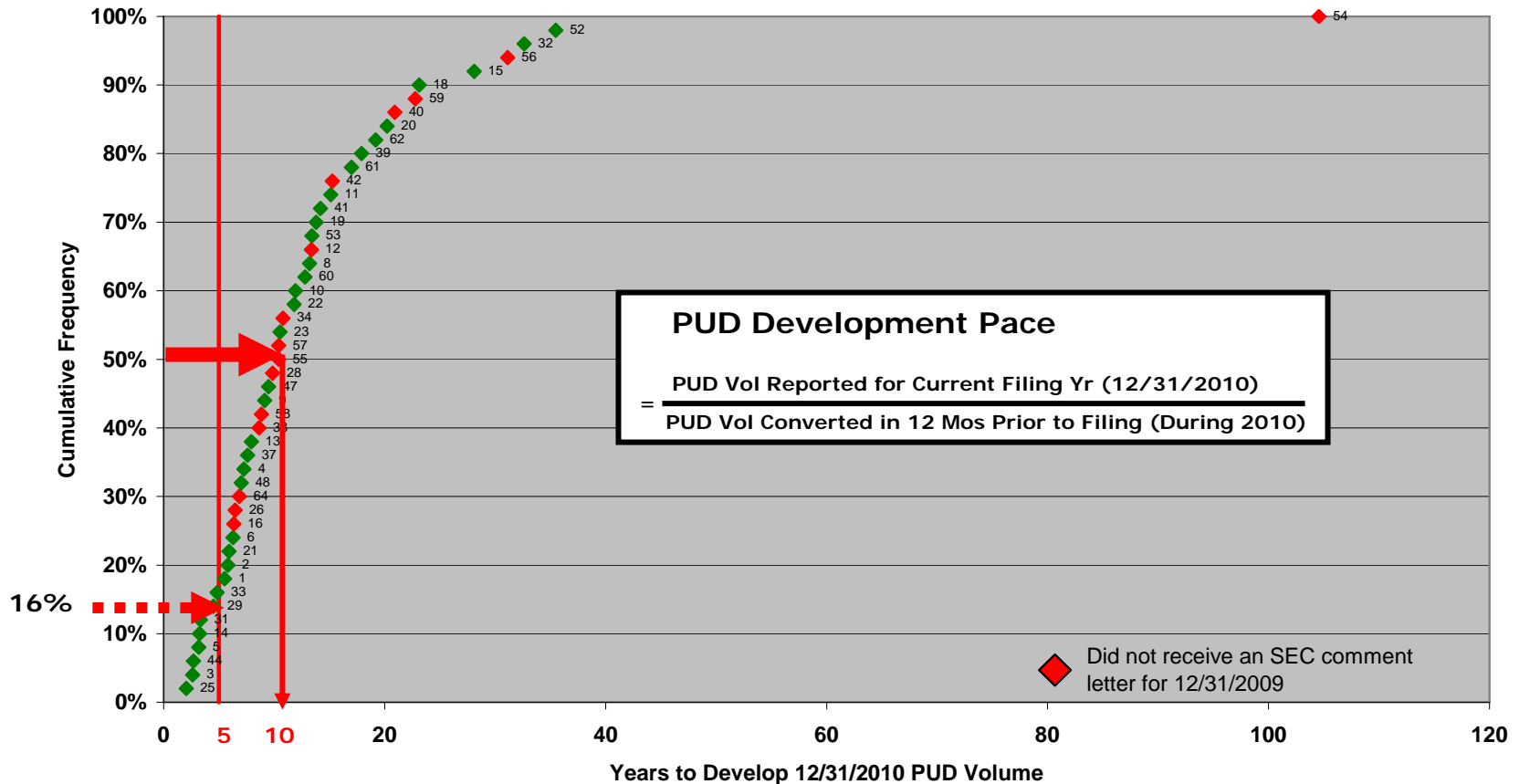
*Companies Filing at 12/31/2010 & With Data Available for Analysis

Pace of Development-Survey of O&G Journal

Top 50 10-K Filers 12/31/2010



PUD Development Pace
Number of Years to Develop 12/31/2010 PUD Volume
Based on 2010 Track Record

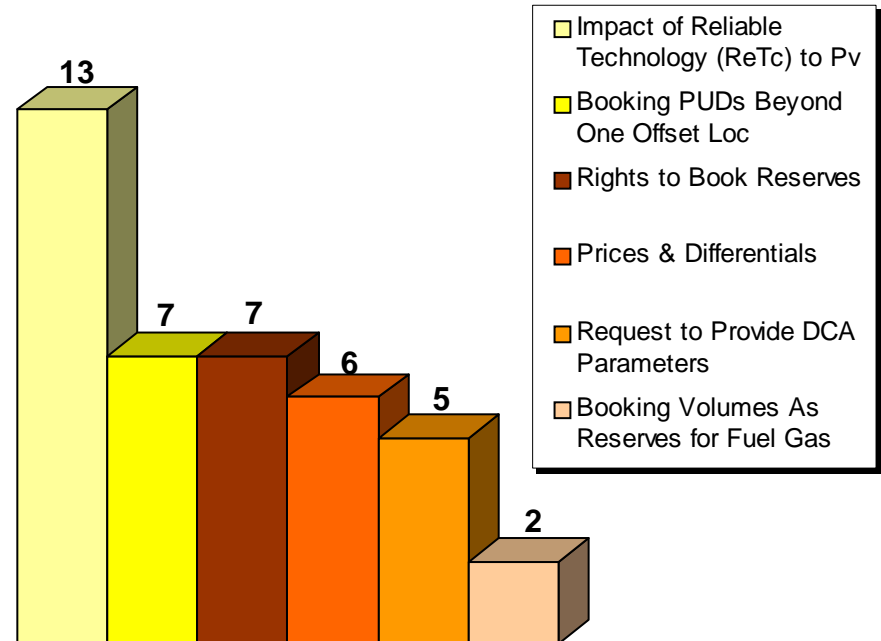
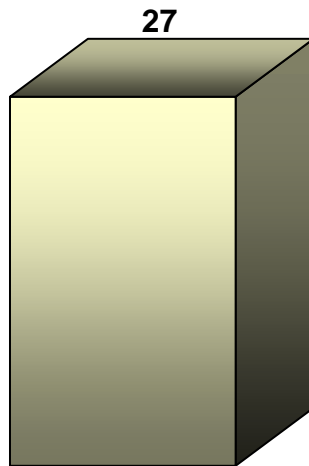


*Companies Filing at 12/31/2010 & With Data Available for Analysis

- While the track record of the previous year may not be indicative of the pace of development in future years, clearly the SEC will be asking companies to justify their PUD volumes

Breakdown of Questions Relating to Other Engineering Topics

Companies Receiving Other Engineering Questions Relating to Topics Such as ReTc, Offsets, Rights to Book Reserves, Prices & Differentials, etc

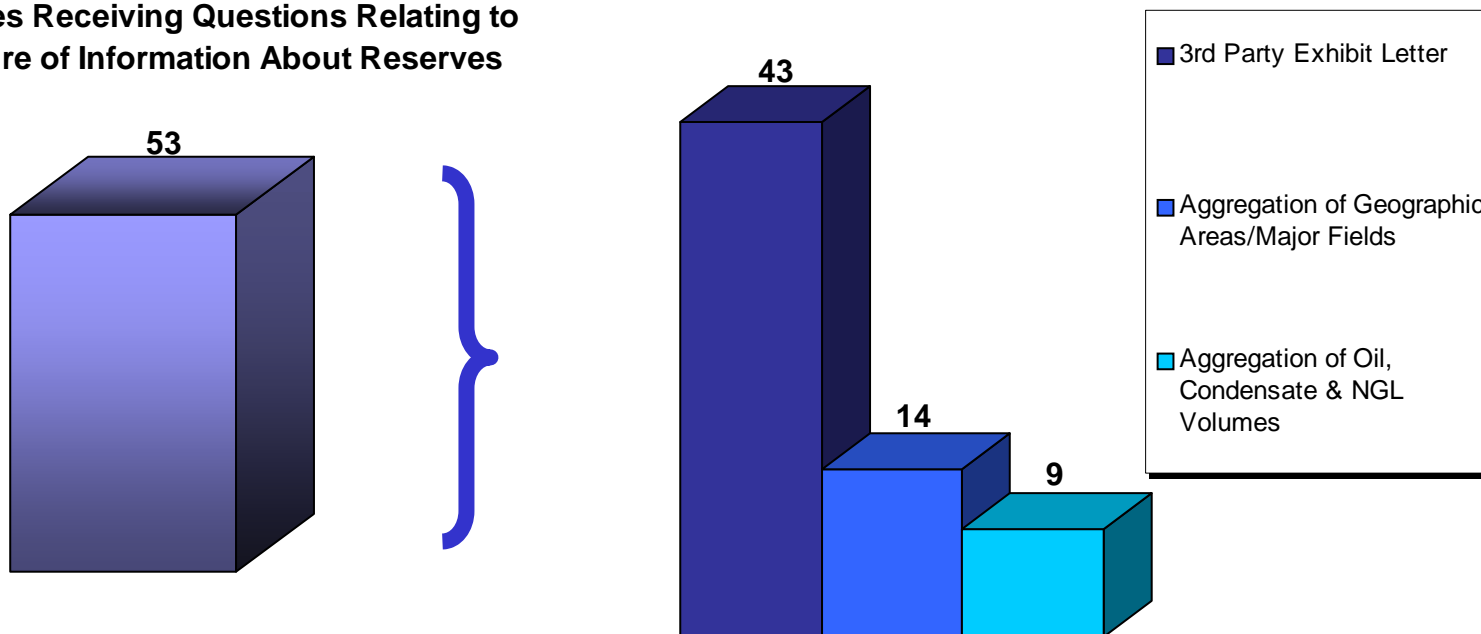


- **Booking PUDs Beyond 1 Offset Location**
 1. Chesapeake Energy
 2. Petrohawk Energy
 3. Newfield Exploration
 4. Southwestern Resources
 5. Quicksilver Resources
 6. Continental Resources
 7. Brigham Exploration

- Request to Provide DCA Parameters
 1. EOG Resources
 2. Petrohawk Energy
 3. Newfield Exploration
 4. Callon Petroleum
 5. GeoMet (CBM DCA Parameters)

Breakdown of Questions Relating to Disclosure of Information About Reserves

Companies Receiving Questions Relating to Disclosure of Information About Reserves



SEC Comments Relating to the Aggregation of Oil, Condensate & NGL Volumes



U.S. Securities and Exchange Commission

Letter Dated: June 16, 2010

Topic: Disclosure By Individual Product

Reference: 12/31/2009 10-K Filing

"We note that you have grouped together your proved reserves related to crude oil, condensate and NGLs. Please explain why you do not believe it necessary to disclose separately these three products."

➤ **Companies Receiving This Comment From the SEC**

1. Anadarko Petroleum
2. Hess
3. Range Resources
4. Cimarex Energy
5. Swift Energy
6. Clayton Williams Energy
7. Black Hills
8. Approach Resources
9. BP

Source: Clayton Williams SEC Comment Letter Correspondence June 16, 2010; Question 1

Concluding Remarks

Using Comment Letters

- Comment letters may provide insight to how the SEC Staff may view the application of the regulations to certain reserves related matters.



- Evaluators should be aware of the limitations for such.



My Time's Up!

Thanks for Listening.

Companies Filing with the SEC

Oil & Gas Journal 12/31/2009 Ranking*



Ref Index	Company	Ref Index	Company	Ref Index	Company
10-K FILERS					
1	Exxon Mobil Corp	38	SandRidge Energy Inc	75	Approach Resources Inc
2	Chevron Corp	39	SM Energy Inc	76	DTE Energy Co
3	ConocoPhillips	40	Exco Resources Inc	77	Rex Energy Corp
4	Anadarko Petroleum Corp	41	Continental Resources Inc	78	GeoResources Inc
5	Marathon Oil Corp	42	Berry Petroleum Co	79	PostRock Energy Services Corp
6	Occidental Petroleum Corp	43	Unit Energy Partners	80	Cano Petroleum Inc
7	XTO Energy Inc	44	Kinder Morgan LP	81	Warren Resources Inc
8	Chesapeake Energy Corp	45	CNX Gas Corp	82	Callon Petroleum Co
9	Devon Energy Corp	46	Atlas Energy Resources LLC	83	Gulfport Energy Corp
10	Hess Corp	47	Ultra Petroleum	84	PrimeEnergy Corp
11	Apache Corp	48	Bill Barrett Corp	85	NGAS Resources Inc
12	El Paso Corp	49	Comstock Resources Inc	86	Meridian Resource Corp
13	EOG Resources Inc	50	Eagle Rock Energy Partners LP	87	Abraxas Petroleum Corp
14	Murphy Oil Corp	51	Delta Petroleum Corp	88	GeoMet Inc
15	Noble Energy Inc	52	Stone Energy Corp	89	Dorchester Minerals LP
16	Williams Cos. Inc	53	Swift Energy Co	90	Double Eagle Petroleum Co
17	Questar Corp	54	W&T Offshore Inc	91	US Energy Corp
18	Pioneer Natural Resources Co	55	Seneca Resources Corp	92	Panhandle Oil and Gas Inc
19	Plains Exploration & Production Co	56	Petroleum Development Corp	93	Gasco Energy Inc
20	Petrohawk Energy Corp	57	McMoran Exploration Co	94	American Oil & Gas Inc
21	Newfield Exploration Co	58	Fidelity Exploration & Production Co	95	HKN Inc
22	Range Resources Corp	59	Rosetta Resources Inc	96	Magnum Hunter Resources Corp
23	Southwestern Energy Co	60	Carrizo Oil & Gas Inc	97	Platinum Energy Resources Inc
24	Denbury Resources	61	Goodrich Petroleum Corp	98	Credo Petroleum Corp
25	Whiting Petroleum Corp	62	Clayton Williams Energy Inc	99	FX Energy Inc
26	Energen Corp	63	Layne Christensen Co	100	Tengasco Inc
27	Helix Energy Solutions Group Inc	64	Energy Partners Ltd	20-F/40-F FILERS	
28	Forest Oil Corp	65	Arena Resources Inc	1	Royal Dutch Shell
29	Cabot Oil & Gas Corp	66	Legacy Reserves LP	2	BP PLC
30	Encore Acquisition Co	67	Belden & Blake Corp	3	Petroleo Brasileiro SA
31	Quicksilver Resources Inc	68	GMX Resources Inc	4	Total SA
32	Cimarex Energy Co	69	Contango Oil & Gas Co	5	PetroChina Co. Ltd (CNPC)
33	Concho Resources Inc	70	Brigham Exploration Inc	6	ENI SPA
34	EQT Corp	71	Crimson Exploration Inc	7	Statoil ASA
35	Penn Virginia Corp	72	PetroQuest Energy Inc	8	Repsol YPF SA
36	Mariner Energy Inc	73	Dune Energy Inc	9	BHP Billiton Petroleum
37	ATP oil & Gas Corp	74	Black Hills Corp	10	Suncor Energy Inc (40-F)

■ Did receive an SEC Comment Letter for 12/31/2009 year end calendar or similar year end fiscal filing

■ Did not receive an SEC Comment Letter for 12/31/2009 year end calendar or similar year end fiscal filing

*Oil & Gas Journal ranking based on total assets as of 12/31/2009 published Sept. 6, 2010; Vol. 108.33

Pace of Development-Survey of O&G Journal

Top 50 10-K Filers 12/31/2010



12/31/2009				12/31/2009			
Frequency	Ref Index**	Yrs to Dvl YE PUDs*	Company*	Frequency	Ref Index**	Yrs to Dvl YE PUDs*	Company*
0.02	25	2.04	Whiting Petroleum Corp	0.52	57	10.42	McMoran Exploration Co
0.04	3	2.63	ConocoPhillips	0.54	23	10.53	Southwestern Energy Co
0.06	44	2.69	Kinder Morgan LP	0.56	34	10.78	EQT Corp
0.08	5	3.16	Marathon Oil Corp	0.58	22	11.81	Range Resources Corp
0.10	14	3.25	Murphy Oil Corp	0.60	10	11.91	Hess Corp
0.12	31	3.32	Quicksilver Resources Inc	0.62	60	12.79	Carrizo Oil & Gas Inc
0.14	29	4.50	Cabot Oil & Gas Corp	0.64	8	13.19	Chesapeake Energy Corp
0.16	33	4.82	Concho Resources Inc	0.66	12	13.36	El Paso Corp
0.18	1	5.50	Exxon Mobil Corp	0.68	53	13.41	Swift Energy Co
0.20	2	5.82	Chevron Corp	0.70	19	13.80	Plains Exploration & Production Co
0.22	21	5.91	Newfield Exploration Co	0.72	41	14.20	Continental Resources Inc
0.24	6	6.28	Occidental Petroleum Corp	0.74	11	15.13	Apache Corp
0.26	16	6.34	Williams Cos. Inc	0.76	42	15.28	Berry Petroleum Co
0.28	26	6.48	Energen Corp	0.78	61	17.00	Goodrich Petroleum Corp
0.30	64	6.85	Energy Partners Ltd	0.80	39	17.90	SM Energy Inc
0.32	48	7.01	Bill Barrett Corp	0.82	62	19.18	Clayton Williams Energy Inc
0.34	4	7.27	Anadarko Petroleum Corp	0.84	20	20.21	Petrohawk Energy Corp
0.36	37	7.60	ATP oil & Gas Corp	0.86	40	20.91	Exco Resources Inc
0.38	13	7.94	EOG Resources Inc	0.88	59	22.76	Rosetta Resources Inc
0.40	38	8.64	SandRidge Energy Inc	0.90	18	23.14	Pioneer Natural Resources Co
0.42	58	8.84	Fidelity Exploration & Production Co	0.92	15	28.10	Noble Energy Inc
0.44	9	9.13	Devon Energy Corp	0.94	56	31.14	Petroleum Development Corp
0.46	47	9.50	Ultra Petroleum	0.96	32	32.62	Cimarex Energy Co
0.48	28	9.87	Forest Oil Corp	0.98	52	35.49	Stone Energy Corp
0.50	55	10.41	Seneca Resources Corp	1.00	54	104.56	W&T Offshore Inc

■ Did not receive an SEC Comment Letter for 12/31/2009 year end calendar or similar year end fiscal filing

**Reference Index from the Oil & Gas Journal ranking based on total assets as of 12/31/2009 published Sept. 6, 2010; Vol. 108.33

*PUD development pace based on data extracted for 10-K filings at 12/31/2010 for those companies with sufficient data available for analysis