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1730-100
Comment Letter No. 8
Patrick T. Mulva
Vice President and Controller



October 15, 2009

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 1730-100 - Proposed Accounting Standards Update: Oil and Gas Reserve Estimation and Disclosures

Exxon Mobil Corporation supports the Financial Accounting Standards Board's (FASB) "Proposed Accounting Standards Update: Oil and Gas Reserve Estimation and Disclosures." The reporting of oil and gas reserves along with associated supplemental disclosures is very important to ExxonMobil, our current and prospective shareholders, and other users of our financial statements. We commend the FASB's efforts to align the oil and gas reserve estimation and disclosure requirements in Codification Topic 932 (Extractive Industries -- Oil and Gas) with those included in the Securities and Exchange Commission's (SEC) final rule, "Modernization of Oil and Gas Reporting." We believe that in tandem, these two sets of standards will result in more meaningful and transparent disclosures for our oil and gas operations, in line with the objectives of both the FASB and the SEC.

In particular, the following aspects of the proposed accounting standards update for estimating and disclosing oil and gas reserves will enhance financial reporting to the investing public:

- Expanding the definition of oil and gas reserves to include oil sands and other non-conventional hydrocarbon resources
- Using year-average instead of year-end prices for determining reserve quantities
- Permitting companies to report combined totals of reserves and other supplemental oil and gas disclosure information for consolidated and equity company operations
- Providing transition guidance for disclosing the estimated impacts of implementing the new reserve rules which is principles-based and allows companies to tailor the disclosures to fit their individual facts and circumstances.

ExxonMobil supports in principle the comment letter submitted by the American Petroleum Institute (API) on this proposed accounting standards update. Additional comments related to the specific questions posed in the FASB's proposal are attached.

ExxonMobil appreciates the efforts of the FASB to modify oil and gas accounting standards to conform with the new SEC rules for oil and gas reporting. We would welcome the opportunity to discuss our comments with the FASB staff, or to answer any questions the staff may have as this proposed accounting standards update is finalized.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick J. Melner". The signature is written in a cursive, flowing style.

Attachment

cc:	Mr. Glenn Brady	Extractive Activities Research Project, IASB
	Mr. Wayne Carnall	SEC
	Mr. Robert Garnett	IASB

Responses to FASB Questions for Respondents on the Proposed Accounting Standards Update for Extractive Industries - Oil and Gas (Topic 932)

Question 1 – Do you agree with the Board’s decision to amend Topic 932 to clarify that equity method investments must be considered in determining whether an entity has significant oil- and gas-producing activities? Please describe any challenges that would be encountered in meeting this requirement.

Yes, equity method investments should be considered in determining whether an entity has significant oil and gas producing activities. ExxonMobil operates its global business with the same view of equity company reserves and operations as those from its consolidated subsidiaries. Since ExxonMobil already discloses extensive information on its equity company operations, we do not see any significant issues with meeting this requirement.

Questions 2 and 3 – Do you agree with the Board’s decision to require that an entity disclose the same level of detail about equity method investments with significant oil and gas producing activities as it does for its consolidated subsidiaries? Please describe any challenges that would be encountered in meeting this additional requirement. Should the Board consider establishing a threshold below which the entity would not be required to provide oil and gas disclosures about its equity method investment with significant oil- and gas-producing activities? If so, what should be the basis of that threshold?

Should the Board consider permitting an entity to present the equity method investment quantity and amount detail in total rather than by geographic areas and product (if applicable)? See the appendix of this proposed Update for an example of this alternative presentation for reserve quantities.

ExxonMobil believes the Board should give companies the option of using the alternate presentation as shown in the appendix to the Exposure Draft when presenting equity company information. Requiring all companies to report the same level of detail for their equity company operations as for their consolidated entities could result in the disclosure of diminimus information in many geographic segments, or could result in the disclosure of competitive field-level information. The proposed alternative approach provides for more meaningful disclosures which highlight the most significant equity company operations of an entity.

ExxonMobil agrees that establishing a threshold for when a company needs to disclose its equity company operations would be appropriate. We believe the threshold should be consistent with the test (15% of a company's total proved reserves) for country-level disclosures of proved reserves.

Question 4 – Do you agree with the Board’s decision to permit an entity to present a total of consolidated entity and the entity’s share of equity method quantities of reserves and financial statement amounts? Does the total for the financial statement amounts provide decision-useful information even though it would not agree to the corresponding

financial statement line items of the entity, since equity method investments are presented net within a single line item of the financial statements?

ExxonMobil strongly agrees with the Board's decision to permit an entity to present a total of consolidated entity and the entity's share of equity method quantities and amounts. As mentioned in the response to question 1, ExxonMobil operates its business with the same view of equity company reserves and operations as those from its consolidated subsidiaries. We believe it is imperative that a company's total proved reserves -- the combined total of consolidated and equity company operations -- are clearly disclosed in its financial statements to ensure that investors and other users are able to accurately assess an oil and gas company's hydrocarbon resources.

Question 5 – The Board decided that if the effect is significant and practical to estimate, an entity should disclose the effect (or portions of the effect) of the amendments to Topic 932 in this proposed Update on individual line items of the “roll-forward” disclosures of reserve quantity and the standardized measure for discounted future net cash flows. Do you agree with the Board’s decision not to require that an entity precisely measure and disclose the cumulative effect of every aspect of the adoption of the amendments to Topic 932 in this proposed Update on reserve quantities or the standardized measure for discounted future net cash flows? Please describe any operational or technical challenges with providing a “cumulative-effect” disclosure.

ExxonMobil agrees with the Board's decision to not require that an entity attempt to precisely measure and disclose the cumulative effect of every aspect of the proposed amendments. Attempting to precisely measure each effect would be a time-consuming task with little added value. For example, measuring the change from year-end prices to a month-average price would require calculating year-end 2009 proved reserves twice, once with month-average prices and once with year-end prices. This would require a significant effort by our worldwide technical staff to determine a number which would be of no utility to the users of financial statements. The same is true for the other aspects of the amendments. We believe a qualitative disclosure will be more meaningful to investors and will retain consistency in the categories utilized to report year-to-year changes in reserves.