

October 15, 2009

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

Via Email to director@fasb.org

Audit - Tax - Advisory

Grant Thornton LLP 175 W Jackson Boulevard, 20th Floor Chicago, IL 60604-2687

T 312.856.0200 F 312 565 4719 www.GrantThornton.com

Re: File Reference No. 1730-100

Dear Sir:

Grant Thornton LLP appreciates the opportunity to comment on Proposed Accounting Standards Update (ASU), Extractive Industries – Oil and Gas (Topic 932): Oil and Gas Reserve Estimation and Disclosures.

We support the Board's decision to align the oil and gas reserve estimation and disclosure requirements of Extractive Industries – Oil and Gas (Topic 932) with the requirements in the Securities and Exchange Commission's final Rule, *Modernization of the Oil and Gas Reporting Requirements*.

Our responses to the questions for respondents follow:

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?

We agree with the Board's decision to clarify that equity method investments must be considered to determine whether an entity has significant oil and gas producing activities. We believe that determination should not be impacted by the legal form of an investment or the entity's accounting decision to use the equity method as opposed to proportionate consolidation.

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 would be the basis of that threshold?



We agree with the Board's decision that an entity's oil and gas disclosures should include the same level of detail for its equity method investments with significant oil and gas producing activities as it does for its consolidated (including proportionally consolidated) investments. We believe that this is important information to users of financial statements and, similar to the discussion above, that the level of the detail of the disclosures should not be impacted by the legal form of an investment or an entity's accounting decision as how to account for that investment.

We do not believe that a threshold needs to be defined for disclosures about equity method investments, as the existing overarching principle relating to disclosure of material amounts provides adequate guidance.

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?

We are concerned about the workability of the materiality and practicability exception provided by the Board. In our view, many financial statement users will want information concerning the impact of the effect of disclosure changes. There will be a lack of transparency between those companies that provide no transitional disclosures under the "significant and practical" language and those that do provide such information. Additionally, the disclosure of the "estimated effect" could lead to a lack of comparability between those companies that make the transitional disclosures.

However, we believe that the disclosure of the effect on each of the amounts and quantities disclosed in accordance with Topic 932 is excessive and would be difficult for users to understand and for preparers to assemble. We believe that disclosure should only be required of the total effect on reserve quantities and the standardized measure of the discounted future net cash flows, supplemented with a qualitative discussion of the factors contributing to those effects.

We would be pleased to discuss our comments with you. If you have any questions, please contact L. Charles Evans, Partner at (832)476-3614.

Sincerely,

/s/ Grant Thornton LLP