Date Received: 9-7-04

----Original Message----

From: Gordon\_Goodman@oxy.com [mailto:Gordon\_Goodman@oxy.com]

Sent: Thursday, September 02, 2004 2:36 PM

To: Linda MacDonald; Leslie Seidman Cc: Robert Herz; Sam Dominick@oxy.com

Subject: Occidental's Comment Letter on FASB's Exposure Draft Titled

"Fair Value Measurement"

September 2, 2004

Ms. Leslie Seidman, FASB Board Member Ms. Linda MacDonald, Project Manager Fair Value Measurement Project Financial Accounting Standards Board Norwalk, Connecticut

RE: Comment Letter on FASB's Exposure Draft Titled "Fair Value Measurement"

On 9/4/03, and in earlier correspondence, I wrote to you with our concerns relating to what I called "The Long Dated Contract Issue," especially as it applies to the valuation of derivatives. In part, my letter discussed issues that were first surfaced during meetings of the Energy Trading Working Group, of which I was a member, but that were left unresolved following the EITF's issuance of Issues No. 02-03 and No. 03-11. (These EITF issues dealt with rescission of Issue No. 98-10 and the treatment of "energy trading contracts.")

Earlier this year, on 6/23/04, FASB issued its Exposure Draft titled "Proposed Statement of Financial Accounting Standards-Fair Value Measurements." I am writing today to note that FASB's inclusion in this exposure draft of the proposed three level "Fair Value Hierarchy," and the associated "Disclosures" requirement, addresses many of the concerns that I raised in my 9/4/03 letter and earlier correspondence. In particular, the distinction you have created within the third level of the fair value hierarchy between valuations based on "market inputs" versus valuations based on "significant entity inputs" will help identify some important differences in the quality of earnings reported in the marketplace.

I note however that additional work may still be required, perhaps within FASB's ongoing "Financial Performance Reporting by Business Enterprises" project, in order to highlight these qualitative differences in earnings for all classes of investors and creditors (both large and small). Finally, I would refer FASB to my two recently published articles in "Risk Review" magazine titled "Differences in the Quality of Earnings" (the November-December 2003 issue) and "Transparency Quest" (the May-June 2004 issue). These articles contain additional thoughts on how best to improve the simplicity, clarity, and transparency of our financial reporting system as it relates to fair value measurement.

Respectfully,

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