



Asset Development

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Commercial in Confidence

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Ms Nicole Ross  
Gas Inquiry Unit  
Australian Competition and Consumer Commission  
GPO Box 520  
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By email - [gas.inquiry@acc.gov.au](mailto:gas.inquiry@acc.gov.au)

**ADDENDUM TO APPEA COMMENTS TO FRAMEWORK FOR THE CONSISTENT REPORTING OF NATURAL GAS RESERVES AND RESOURCES CONSULTATION PAPER**

Dear Ms Ross

Chevron Australia ('Chevron') welcomes the opportunity to provide comments to the Australian Competition and Consumer Commission (ACCC) regarding the "Framework for the Consistent Reporting of Natural Gas Reserves and Resources Consultation Paper" ('Framework'). We would also like to note however that the industry consultation period was short given the complexity and potential bearing of the Framework.

We note APPEA has provided a submission, which Chevron generally supports and has provided input to. As such this submission is intended to complement the comprehensive comments provided by APPEA.

**GENERAL COMMENTS**

Supplemental to APPEA's response, Chevron's requirement to disclose Proved Reserves in SEC filings, where Proved Reserves are as defined in Securities and Exchange Commission (SEC) Regulation S-X (17 CFR 210.4-10), results in additional challenges when combined with the proposed Framework.

There are substantive differences in guidance between Petroleum Resources Management System (PRMS) and SEC requirements for reserves reporting. These differences include but are not necessarily limited to:

1. 5-year rule - PRMS stipulates the requirement for justification of development time frames of greater than 5-years for any reserves category. The SEC does not require justification for probable and possible reserves.
2. Pricing rules: SEC guidelines require 12-month first of month average pricing in Proved Reserve determination.

3. SEC definitions allow probable and possible reserves in undrilled fault blocks which is not allowed under PRMS

These differences may result in a misalignment between reserves information provided to investors through our SEC filings and information to be made available to investors through the AEMO Bulletin Board as proposed by the Framework. Given the public nature as well as the proposed level of detail, this misalignment has the potential to cause investor relations issues. Further the common use of "proved", "probable" and "possible", terminology between both reporting frameworks will potentially cause confusion and possibly mislead investors.

We also do not believe the granularity of field level reporting is required as it would be of limited additional value to market participants and would not substantially assist with the objectives of the Framework as they are outlined in Section 1.1 of the Framework.

Publicly providing the level of detailed disclosure as proposed in the Framework, could raise a number of legal and confidentiality issues and may also unintentionally lead to the disclosure of commercially sensitive, proprietary information developed as part of our competitive advantage, thereby distorting competition in the industry.

In addition to the reporting issues identified, the Framework will also impose additional compliance and reporting costs to Chevron as we do not currently report 1P, 2P split into developed and undeveloped. The Framework would require us to generate and maintain two sets of reserves books.

Chevron will of course continue to comply with the SEC requirements for reserves reporting, however we are opposed to an additional and inconsistent public reporting obligation which may unintentionally mislead investors and other users of this information. Chevron also recommends revisiting the requirement to publish information at a field level, as well as the requirement to split 1P and 2P into developed and undeveloped.

Finally, in relation to price reporting requirements outlined in the ACCC framework, Chevron would reinforce the issue of market sensitivity around price reporting. It is Chevron's view there should be no forced divulging of internal pricing assumptions to external parties.

Thank you again for the opportunity to provide comment on the Draft Rules. Should you require any further information, please contact Andrew Smith on (08) 9216 4280 or [smitha@chevron.com](mailto:smitha@chevron.com).

Yours faithfully



**Neil Young**

ABU Producing Assets Subsurface Manager