Connacher
OIL AND GAS LIMITED

January 13, 2009

International Accounting Standards Board
30 Cannon Street
London, EC4M 6XH
United Kingdom

Dear Sir or Madam:

Connacher Oil and Gas Limited (stock symbol "CLL" on the Toronto Stock Exchange) is a Canadian public company headquartered in Calgary, Alberta, and operating in the Canadian oil and gas industry. We are writing in support of the exemption relating to the deemed cost of oil and gas assets at the IFRS transition date as outlined in paragraph 19A of your Exposure Draft *Additional Exemptions for First-Time Adopters (Proposed Amendment to IFRS 1)* issued on September 25, 2008.

Following are our detailed responses to the questions posed in the Exposure Draft.

Question 1 - Deemed cost for oil and gas assets

Do you agree with the proposed deemed cost exemptions for entities using full cost accounting under previous GAAP? Why or why not? If not, what alternative do you propose and why?

We agree with the proposed exemption.

We currently prepare our consolidated financial statements under the full cost method of accounting as set out in Accounting Guideline 16 of the Canadian Institute of Chartered Accountants Handbook. Under this standard, property costs are accumulated in pools on a countrywide basis for purposes of impairment testing and calculating depletion and depreciation. Within these pools, individual property costs are not identified in our accounting records.

In order to fully comply with IFRS 1 as it exists currently, we would be required to retroactively recalculate and restate our historic accounting records from inception according to the standards in IFRS 6 and IAS 16, which in turn would require us to allocate property costs between property, plant and equipment and exploration and evaluation assets, separate our property costs into cash-generating units, recalculate depletion and depreciation from inception of each CGU, expense all historic pre-license acquisition costs, and test our oil and gas assets for impairment for each cash-generating unit.

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Not only would this process be difficult and time-consuming, it would produce very little, if any, meaningful information, as it would inevitably require a large number of arbitrary allocations in our property accounting records due to the lack of detailed historical information therein.

The process of conversion to IFRS will require substantial effort and resources to complete, and for the reasons outlined above, we do not believe that those resources should be directed toward restatement of historic PP&E balances maintained under full cost accounting. Instead, we believe that the noted Exposure Draft provides a satisfactory and reasonable compromise, while still ensuring that the conversion of PP&E balances to the IFRS basis is not materially incorrect.

Question 2 – Oil and gas assets – disclosure

Do you agree with the proposed disclosure requirements relating to the deemed cost option for oil and gas assets? Why or why not?

We agree with the proposed disclosure requirements relating to the deemed cost options for oil and gas assets. Disclosure of the election to use the exemption in the exposure draft and the basis for carrying value allocation to the new fixed asset categories provides readers of the financial statements with the information necessary to understand the effects of the transition from previous GAAP to IFRS.

Question 3 – Deemed cost for operations subject to rate regulation

Do you agree with the proposed deemed cost option for entities with operations subject to rate regulation? Why or why not? If not, what alternative do you propose and why?

No comment

Question 4 – Leases

Do you agree with the proposal not to require the reassessment of whether an arrangement contains a lease in the circumstances described in this exposure draft? Why or why not?

No comment

Question 5 – Assessments under previous GAAP before the date of transition to IFRS

Do you agree that the situation referred to in Question 4 is the only one in which additional relief of this type is needed? If not, in what other situations is relief necessary and why?

No comment

Yours truly,

Richard R. Kines
Vice President, Finance and
Chief Financial Officer