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February 12, 2008

Sir David Tweedie
Chairman
IASB
First Floor, 30 Cannon Street
London EC4M 6XH
United Kingdom

Dear David,

Earlier this month the Canadian oil & gas industry forwarded you a proposal to amend IFRS1 to address a major difficulty that oil & gas companies face in adopting IFRS.

The Canadian Accounting Standards Board (AcSB) discussed this issue at its meeting on February 5, 2008. The AcSB agrees with the concerns expressed in the industry letter – specifically, the extreme difficulty (or impossibility in a practical sense) for most Canadian companies using the full cost method in accounting for resource properties and related property, plant and equipment to restate the full cost pool at a more detailed asset level in accordance with IFRS 1. The AcSB also consulted with its User Advisory Council which observed that financial statement users do not make use of this accounting data so the cost of undertaking a major restatement exercise is not justified (even if it is feasible) and that the general approach in the industry proposal was acceptable in their view.

The AcSB supports the general approach in the industry proposal - that IFRS 1 be amended to permit an allocation in the opening IFRS balance sheet of the carrying amount of the full cost pool to individual assets, with each asset being subject to an impairment test at that date. Adopting this proposal would remove a major difficulty in adopting IFRS faced by a significant sector in Canada.

Yours sincerely,

Handwritten signature of Paul Cherry in black ink.

Paul Cherry, FCA
Chair, Accounting Standards Board

Handwritten signature of Robert Morgan in blue ink.

Robert Morgan, CFA, CGA
Chair, User Advisory Council

cc: P. Alvarez
D. Baker
J. Sreaton
J. Wilson