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December 10, 2008

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

Via e-mail: commentletters@iasb.org

Dear Sir/Madam:

Re: IASB Exposure Draft, *Additional Exemptions for First-Time Adopters (Proposed Amendments to IFRS 1)*

Petro-Canada is one of Canada's largest oil and gas companies, operating in both the upstream and downstream sectors of the industry in Canada and internationally. Petro-Canada accounts for its operations under Canadian GAAP, which is converging with International Financial Reporting Standards by 2011.

We thank the Board for the opportunity to comment on the Exposure Draft, *Additional Exemptions for First-Time Adopters*, and in this regard would like to make the following comments:

Question 4 – Leases

The exposure draft proposes that if a first-time adopter made the same determination under a previous GAAP as that required by IFRIC 4, *Determining whether an Arrangement contains a Lease*, but at a date other than that required by IFRIC 4, the first-time adopter need not reassess that determination when it adopts IFRS.

Petro-Canada agrees with the proposal not to require the reassessment of whether an arrangement contains a lease in the circumstances described in the Exposure Draft. Given that Canadian GAAP is the same as IFRS when determining whether an arrangement contains a lease, we feel it is unnecessary to reassess that determination when adopting IFRS.

However, we would like the Board to allow first-time adopters to utilize the basis of application that exists under their previous GAAP. Under Canadian GAAP companies apply EIC 150, *Determining Whether an Arrangement Contains a Lease*, for those arrangements committed to, modified or acquired in a business combination for reporting periods commencing after December 9, 2004. In the absence of a similar basis of application in IFRS 1, Petro-Canada will be required to assess all arrangements that were entered into prior to January 1, 2005 and which are still effective at the IFRS transition date.



NATIONAL PARTNER
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Has the Board considered allowing first time adopters to apply the same basis of application that is permitted under previous GAAP? We would like further clarification to address this matter.

We appreciate the opportunity to respond to you on this important matter.

Yours truly,

A handwritten signature in blue ink, appearing to read "P. H. Alabur".

CA:sb