 **W.K. Associates, Inc.**  
**77 Broadway, Suite 2 Amityville, NY. 11701**

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May 23, 2022

The Honorable Gary Gensler, Chair  
Commissioner Allison Hannon Lee  
Commissioner Hester M. Peirce  
Commissioner Caroline A. Crenshaw  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: File Number S7-10-22 - Enhancement and the Standardization of Climate-Related Disclosures for Investors

Dear Chair Gensler and Commissioners:

We are writing to share research that responds to the request for comment on the Enhancement and the Standardization of Climate-Related Disclosures for Investors<sup>1</sup>. The attached study by W.K. Associates, Inc. titled, "A Demanding Change: Oil & Gas in 2050" is a further elaboration on our June 14, 2021, comment<sup>2</sup>. Both submissions demonstrate the use of Scope 3 oil and gas emissions data, as well as the Emissions Embedded in Reserves metric, for conventional securities analysis.

The comment responds to the following questions included in the proposed rule filing:

52. Should we require a registrant to provide contextual information, including a description of significant inputs and assumptions used, and if applicable, policy decisions made by the registrant to calculate the specified metrics, as proposed? Should we revise the proposed requirement to provide contextual information to require specific information instead? We provide some examples of contextual information disclosure in Sections II.F.2 and II.F.3 below. Would providing additional examples or guidance assist registrants in preparing this disclosure?

79. The proposed rule does not specifically address expensed or capitalized costs that are partially incurred towards the climate-related events and transition activities (e.g., the expenditure relates to research and development expenses that are meant to address both the risks associated with the climate-related events and other risks). Should we prescribe a particular approach to disclosure in such situations? Should we require a registrant to provide a reasonable estimate of the amount of expense or capitalized costs incurred toward the climate-related events and transition activities and to provide disclosure about the assumptions and information that resulted in the estimate?

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<sup>1</sup> <https://www.sec.gov/rules/proposed/2022/33-11042.pdf>

<sup>2</sup> <https://www.sec.gov/comments/climate-disclosure/cll12-8916955-245033.pdf>

81. Should we require disclosure of financial estimates and assumptions impacted by the climate-related events and transition activities (including disclosed targets), as proposed? How would investors use this information?

93. How would investors use GHG emissions disclosures to inform their investment and voting decisions? How would such disclosures provide insight into a registrant's financial condition, changes in financial condition, and results of operations? How would such disclosures help investors evaluate an issuer's climate risk-related exposure? Would such disclosures enable investors to better assess physical risks associated with climate-related events, transition risks, or both types of risks?

106. Should we require a registrant that is required to disclose its Scope 3 emissions to describe the data sources used to calculate the Scope 3 emissions, as proposed? Are there other sources of data for Scope 3 emissions the use of which we should specifically require to be disclosed?

115. Should we base our climate disclosure rules on certain concepts developed by the GHG Protocol without requiring a registrant to follow the GHG Protocol in all respects, as proposed? Would this provide flexibility for registrants to choose certain methods and approaches in connection with GHG emissions determination that meet the particular circumstances of their industry or business or that emerge along with developments in GHG emissions methodology as long as they are transparent about the methods and underlying assumptions used? Are there adjustments that should be made to the proposed methodology disclosure requirements that would provide flexibility for registrants while providing sufficient comparability for investors?

The study submitted to the SEC by WK Associates in June 2021, and this report evaluate amendment of the SEC's oil and gas reserves disclosure regulations (Specifically Regulation S-X §210.4-10<sup>3</sup> and Regulation S-K §229.1202<sup>4</sup>) to reflect effective CO<sub>2</sub> emissions. The proposed method is scientifically valid, straightforward for registrants to prepare and uncomplicated for investors to apply in securities analysis. The resulting data could be included in a balance sheet or income statement (by reference) to explain assumptions about the impact of climate transition risk on consolidated financial statement line items (as required by § 210.14-02 page 455 of the proposed rule). For example, this type of clarification may be useful when a registrant's public greenhouse gas (GHG) emissions reduction targets, or other expenses or capitalized costs, have a more than one percent absolute impact on the net present value of oil and gas reserves and related capitalized costs.

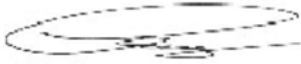
We are grateful for the opportunity to contribute to this very important effort and welcome the chance to discuss our comment further at your convenience.

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<sup>3</sup> <https://www.govinfo.gov/content/pkg/CFR-2010-title17-vol2/pdf/CFR-2010-title17-vol2-sec210-4-10.pdf>

<sup>4</sup> <https://www.ecfr.gov/current/title-17/chapter-II/part-229/subpart-229.1200/section-229.1202>

Sincerely,



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W.K. Associates, Inc.



Paul Bugala  
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W.K. Associates, Inc.

CC:

Ms. Vanessa A. Countryman, Secretary, Securities and Exchange Commission  
Ms. Renee Jones, Director, Division of Corporation Finance  
Ms. Luna Bloom, Chief, Office of Rulemaking, Division of Corporation Finance  
Ms. Kristina Wyatt, Senior Special Counsel  
Ms. Mika Morse, Climate Counsel  
Ms. Jessica Wachter, Director, Division of Economic and Risk Analysis  
Mr. Paul Munter, Acting Chief Accountant