RANGER
OIL CORPORATION

June 17, 2022

By Internet Submission

Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: File No. S7-10-22

Dear Ms. Countryman:

Ranger Oil Corporation ("Ranger," "our" or "we") appreciates the opportunity to submit comments to the U.S. Securities and Exchange Commission (the "Commission") regarding the Commission's rule proposal, Release No. 33-11042, *The Enhancement and Standardization of Climate-Related Disclosures for Investors* (the "Rule Proposal").

Ranger focuses on creating long-term value for its shareholders while fostering a culture that is steadfast on environmental sustainability. We strive to protect the environment and reduce our environmental footprint through efficient operations. We support the Commission's objective of providing shareholders with consistent, comparable, and reliable climate-related disclosures of information material to investors. However, in our view, the Commission is significantly underestimating the compliance costs and administrative burden of implementing portions of the Rule Proposal, particularly for smaller companies that do not already have a robust process and adequate staffing for comprehensive reporting of GHG emissions and the other information required to be disclosed by the Rule Proposal. We believe that several provisions of the Rule Proposal impose significant costs without providing a material benefit to investors. For these reasons, the Commission should consider revisions to ease the financial burden on companies and shareholders.

Compliance Costs Will Exceed the Commission's Estimates and the Rule Proposal Will Have Unintended Consequences for Companies and Shareholders

The Commission's estimates of the compliance costs of the Rule Proposal do not adequately reflect its likely financial burden on companies. The Rule Proposal is extremely broad in scope and, if adopted as proposed, would be among the most significant additions to the Commission's reporting requirements in recent years and would significantly increase the amount of information that companies must collect, compile, and report.

Many companies will not have the necessary expertise or staff to adequately respond to the reporting requirements. As a result, they will need to rely heavily on outside consultants, which will further increase compliance costs. This is particularly true for smaller companies with lean accounting and legal departments. This problem is compounded by the relatively brief phase-in period for compliance with the Rule Proposal. Large accelerated filers will be required to provide disclosure with respect to 2021 and 2022 in their initial GHG emissions reports, which gives them very little time to onboard and train staff and will likely result in their having to rely on experienced outside consultants. One solution would be to extend the transition period for emissions disclosures by one or two years to allow companies to effectively implement the internal controls and procedures required for emissions disclosures. A company's filer status, which is based on market capitalization, is not indicative of it having the resources or capital necessary to comply with the disclosure requirements on the proposed short timeline. Given that the threshold for entering large accelerated filer status is only $700 million in market capitalization and would therefore include many companies with limited staff and resources, this extension is warranted for all filers. For example, "large accelerated filer" includes companies with over $100 billion in market capitalization and thousands of employees, as well as companies of our size. Ranger would be deemed a large accelerated filer if the determination was made today, but Ranger has only 121 employees, the vast majority of whom are operations and field employees, and not corporate-level personnel necessary for addressing the required disclosures of the Rule Proposal.

Additionally, new controls and procedures will need to be developed to address the requirements of the Rule Proposal. The Rule Proposal introduces a suite of new Regulation S-X items that are not based on any existing U.S. Generally Accepted Accounting Principles ("GAAP"). Companies will need to develop extensive new processes and controls to identify, collect, quantify and aggregate these items. We expect that the development and implementation of these controls and procedures will be time-intensive and costly, particularly for smaller companies. These costs will include not only the new systems that will need to be put in place, but also the additional corporate-level personnel who will need to be hired and trained to implement and oversee these systems. In the aggregate, these costs may have the unintended consequence of financially and competitively disadvantaging public companies relative to private companies and discouraging companies from becoming or remaining public.

Companies will also likely face increased litigation risks due to the new amounts of disclosure, much of which will rely on data that may be difficult to measure or require subjective determinations. This is particularly true of Scope 3 emissions data, which necessarily relies on information obtained from third parties and can vary depending on the underlying assumptions and methodology used in its calculation. Calculating GHG emissions is an evolving field that is highly subject to new information and technologies, and the requirement to file the emissions data will expose companies to potential costly claims of material misstatement or omission. We note that the litigation risks would be significantly reduced by requiring emissions disclosure to be furnished, rather than filed, and we urge the Commission to consider revising the Rule Proposal to allow companies to furnish the GHG emissions disclosures to the extent the related requirements are retained.

We also expect that the Rule Proposal will have unintended consequences that will ultimately harm companies and investors. For example, the Rule Proposal will lead to higher costs associated with a company's acquisition opportunities. Under the Rule Proposal, companies will need to disclose not only any climate-related impacts on business strategy as it relates to potential acquisitions, but also climate-related financial metrics and emissions data related to any acquired businesses or properties. For acquisition targets not subject to the Commission's reporting requirements, this type of data may not be readily available, increasing transaction costs for companies that will need to implement emissions reporting for the acquired business or property. The disclosure requirements will also likely necessitate an evaluation of emissions at the diligence stage, resulting in higher costs for both parties involved in the transaction. Further, the Rule Proposal may even discourage potential strategic acquisitions that would otherwise benefit companies and their investors if a company with a favorable emissions profile is reluctant to acquire a business or property with a less favorable emissions profile due to the perceived negative impacts on the acquiring company's climate-related disclosures. While this type of acquisition might otherwise be beneficial to both companies and investors, including by allowing the acquiring company to implement practices that could help reduce emissions of the acquired business or property in the long-term, the potential negative effects in the short-term may discourage the transaction altogether.

In addition, requiring disclosure for companies that have established climate-related goals and targets may discourage companies from initially setting those goals and targets. The additional expense associated with complying with the Rule Proposal's disclosure requirements, and the potential liability risk for the disclosures, could lead companies to determine that it is in their interest not to set these goals and targets in the first place. This outcome leads to inadvertent consequences that deny companies and investors the benefits of target setting.

Accordingly, we urge the Commission to revise the proposed reporting requirements to reduce unnecessary compliance costs and unintended consequences that may harm companies and investors. In particular, we ask that the Commission consider revisions to the climate-related financial statement disclosures, the Scope 3 emissions disclosure requirement, and the assurance requirement for Scope 1 and Scope 2 emissions. Our specific concerns and recommendations regarding these provisions of the Rule Proposal are discussed below.

Consider a Principles-Based Standard for Climate-Related Financial Impacts

The Commission's proposal to require disclosure of climate-related financial impacts if their gross or aggregate impact on a given line item in the company's financial statements is equal to or greater than one percent would be overly burdensome on companies and would result in disclosure of immaterial information. As discussed above, in order to track and report any climate related-impacts and expenditures on a line item basis, companies would need to develop entirely new controls and procedures, as companies do not typically measure and record expenses on the sole basis that they are climate-related. Further, these controls and procedures would need to include the capability to track hypothetical and speculative figures that have no basis in GAAP, such as changes to revenues and costs due to severe weather events or transition plan activities or the "loss of a sales contract." The resulting disclosure would necessarily be subjective, inconsistent across filers, and of questionable utility to investors. Meanwhile, companies would be saddled with significant compliance costs for these immaterial disclosures.

In lieu of the proposed S-X amendments, we suggest that the Commission consider a principles-based standard based on materiality, which would allow companies to focus on those financial statement impacts that are noteworthy. A principles-based requirement would save the company the time and expense of tracking impacts that are immaterial and meaningless for investors. In addition, a materiality-based approach would be more consistent with how companies currently evaluate and measure expenditures, and would keep investors appraised of the significant climate-related impacts affecting the company.

Reconsider the Scope 3 Emissions Disclosure Requirement

The Rule Proposal would necessitate that companies perform an analysis of their Scope 3 emissions in order to determine whether the Scope 3 emissions are material. Companies will bear the cost of this analysis regardless of whether Scope 3 emissions are ultimately required to be disclosed in their filings. As discussed above, measurement of Scope 3 emissions requires the collection of information from third parties, and the process of compiling and calculating these emissions will be time- and cost-intensive. If Scope 3 emissions data is required to be included in annual reports, as currently contemplated by the Rule Proposal, companies will likely struggle to collect the underlying data, make the necessary materiality determinations, and prepare accurate emissions disclosure while also preparing the rest of the Form 10-K.

Moreover, Scope 3 emissions data has inherent flaws that limit its usefulness. Due to the imprecise nature of this data, differing views on materiality assessment and differing practices in calculating Scope 3 emissions, reporting of Scope 3 emissions will not be uniform among companies. There is no standardized method for ensuring that Scope 3 emissions are not double counted from various companies. For example, each barrel of oil that we produce changes hands numerous times throughout its life cycle, from the transporter, to the refiner, to the distributor, to the salesperson, to the diesel truck, and so on down the distribution chain. How do we ensure that the emissions attributable to this one barrel are allocated appropriately to each company that handles it such that those emissions are not counted multiple times? The uncertainties and inherent subjectivity associated with calculating Scope 3 emissions serve to limit the usefulness of their disclosure to investors and to create a heightened risk of liability for companies because, in many cases, the accuracy of this data may be beyond their ability to verify.

The Rule Proposal provides a carveout to the Scope 3 emissions disclosure requirement for smaller reporting companies. As discussed above, we believe that the filer status thresholds fail to adequately differentiate companies with the necessary staff and resources to properly address the proposed disclosure requirements. Given that the Rule Proposal will subject many companies without adequate resources to the Scope 3 disclosure requirement, and the limited utility of Scope 3 disclosures to investors, we recommend that the Commission extend the smaller reporting company carveout for the Scope 3 emissions requirement to all filers. This would greatly reduce the expense that companies incur in preparing disclosure while still ensuring that investors are provided with the emissions data they need.

Reconsider Subjecting Emissions Disclosure to the Assurance Requirement

We would also suggest that the Commission reconsider the attestation and assurance requirements applicable to Scope 1 and Scope 2 emissions due to the significant additional costs that will be imposed on companies. The attestation requirement will substantially increase auditing fees. Not only will auditors need to review a greater scope of information, they will also need to hire subject matter experts and specialized personnel. We do not believe that auditors currently have the expertise or staff necessary to meet the new disclosure requirements for the entirety of their broad public company client bases, and the expense of hiring personnel will be passed on to public companies through increased fees. Because the attestation requirement, and the expertised status of the information when it is included in a Securities Act registration statement, will expose auditors to additional liability risk and insurance costs, these costs will also likely be offset through increased fees. In connection with issuers' capital-raising activities, their auditors will need to perform additional diligence and issue additional comfort letters to underwriters with respect to emissions disclosures, further increasing the cost of raising capital. In the aggregate, we expect these factors to significantly increase the audit fees paid by public companies. In turn, this will also increase the costs of capital raising and being a public company in the United States, thereby potentially deterring capital raising or private companies becoming public.

For these reasons, we recommend that the Commission revise the Rule Proposal to eliminate the assurance requirement for Scope 1 and 2 emissions. We recommend that the Commission instead treat emissions disclosure similar to financial disclosures that do not require assurance, such as the MD&A disclosures required under Item 303 of Regulation S-K. Investors would still be protected from materially misleading disclosures under the existing liability framework, while companies would be spared the considerable increase in compliance costs associated with the attestation requirement.

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We appreciate the opportunity to comment on the Rule Proposal and respectfully request that the Commission consider our recommendations to make the requirements less burdensome on companies while still providing investors with material climate-related disclosure. We are available to meet and discuss these comments or any questions the Commission and its staff may have.

Sincerely,

Katherine Ryan

Katherine Ryan
Vice President, Chief Legal Counsel and Corporate Secretary
Ranger Oil Corporation

cc: Hillary H. Holmes
Partner
Gibson, Dunn & Crutcher LLP