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March 16, 2020

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

Re: Proposed Rules Regarding Disclosure of Payments by Resource Extraction Issuers (Release No. 34-87783; File No. S7-24-19)

Secretary Countryman:

Ovintiv Inc. ("Ovintiv") appreciates the opportunity to provide comments on the Securities and Exchange Commission's ("SEC") proposed rules regarding Disclosure of Payments by Resource Extraction Issuers pursuant to Section 13(q) of the Securities Exchange Act of 1934.

Ovintiv is a leading North American energy producer, listed on the New York Stock Exchange and the Toronto Stock Exchange. Ovintiv reports under generally accepted accounting principles under United States ("U.S. GAAP").

While Ovintiv supports the proposed rules, we believe the SEC rules should more closely align to the disclosure requirements established by other reporting jurisdictions including the European Union Directives ("EU Directives") and Canadian disclosures under the Extractive Sector Transparency Measures Act ("ESTMA"). We believe that narrowing differences between the compliance frameworks will better serve the objective of transparency, consistency of the disclosures and ease the reporting burden for issuers reporting in multiple jurisdictions.

Ovintiv's responses to questions where we have concerns, are requesting additional clarification or made recommendations are attached in the Appendix to this letter.

If you have any questions or would like to contact us for outreach please do not hesitate to contact myself at 403-645-4649 or by email at steve.dyck@ovintiv.com

Sincerely,

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Appendix – Responses for Proposed Rule 13(q) Disclosure of Payments by Resource Extraction Issuers

Definition of "Subsidiary" and "Control" (Question 31, 32, 33 and 34)

For purposes of determining control, we believe the issuer should follow the consolidation requirements under U.S. GAAP or under the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), as applicable. Under both U.S. GAAP and IFRS, an issuer that has the power to govern the entities financial and operating policies and thereby has controlling financial interest must consolidate the operations and results of another entity. As a result of the control relationship, access to payment information will be readily available.

We also believe the rules should not require disclosure of the proportionate amount of the payments made by a resource extraction issuer's proportionately consolidated entities or operations. The principles of proportionate consolidation do not reflect situations that meet the definition of control under either U.S. GAAP or IFRS, and inclusion of proportionate interests does not meet the definition of control under the accounting principles. In addition, this requirement should align with the EU Directives and ESTMA regulations.

Based on the proposed rules, we support disclosing payments in joint arrangements where the issuer makes the payment. We believe this reduces the burden on issuers as the non-operating party of a joint arrangement, who typically does not make the payment, will not have access to the level of information required to report the payment under the proposed rule nor be able to reliably obtain the information from the operating party, who typically makes the payment. We support this proposed change as it will: reduce the burden of reporting payments that are not made by issuers and for which the issuer does not have access to payment information; reduce the risk of double counting payments or uncertainty of the proportion of the payment amount that will be included in each issuer's report; and reduce the risk of inconsistent approaches being taken between different joint ventures.

However, we believe the SEC should provide further clarification (as noted below) in the instructions to Item 2.01 for situations where joint control exists or where no entity controls a business arrangement that includes two or more partners.

In situations of joint control or where no entity controls a business arrangement that includes two or more partners, resource extraction issuers involved should consider the following requirements:

1) *If an issuer makes a payment, the issuer must report the payment. This could be a payment made as an operator of a joint arrangement or as a member of a joint arrangement.*
2) *If a payment is made by an entity not subject to the requirements of Rule 13(q) that is controlled by the issuer, then the issuer must report it. The entity (not required to disclose under Rule 13(q)) may be making the payment as an operator or may be making the payment as a member of a joint arrangement.*
3) *If an issuer does not make a payment and does not control an entity that is making the payment, the issuer does not report the payment. This includes situations where a non-operating partner, who may be an issuer under Rule 13(q), reimburses the operator of a joint arrangement for costs incurred.*

Incorporating the proposed instruction above will provide more clarity on the application of the rules by issuers.

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In addition, reporting of payments made in situations of joint control is addressed under the EU Directives and Canada's ESTMA regulations. Incorporating these proposed requirements under Rule 13(q) would achieve greater consistency of payments reported across the respective disclosure regimes.

Annual Report Requirement (Question 52 and 53)

We support that resource extraction issuers should provide the required disclosure about payments on Form SD.

Alternative Reporting (Questions 81, 82, and 83)

We support provisions that allow for issuers subject to reporting requirements in foreign jurisdictions to submit those alternate reports in satisfaction of the SEC reporting requirements under Rule 13(q).

We believe the SEC should work to ensure that final Rule 13(q) is issued in a form that aligns with or is substantially similar to disclosure rules under the EU Directives and Canada's ESTMA which have already been enacted for issuers in the respective jurisdictions. We believe that multiple compliance frameworks providing inconsistent disclosure information diminishes the objective of transparency.

Treatment for Purposes of Securities Act and Exchange Act (Question 84)

We support the proposal to treat the disclosure provided on Form SD pursuant to Rule 13q-1 as furnished to, but not filed with, the Commission.

Other

We would like to note that in the proposed rules, "paragraph (6)" under the heading "Payment Disclosure" in the Instructions to Item 2.01, appears to require reporting proportionate interest, which would conflict directly with the proposed rules and the Commission's statement that "the proposed rules would not require disclosure of the proportionate amount of the payments made by a resource extraction issuer's proportionately consolidated entities or operations."[1] We recommend the below paragraph be deleted so as to align the words with the Commission's intent:

Payment Disclosure
~~(6) When a resource extraction issuer proportionately consolidates an entity or operation under U.S. GAAP or IFRS, as applicable, the resource extraction issuer must disclose its proportionate amount of the payments made by such entity or operation pursuant to this Item and must indicate the proportionate interest.~~

We would also recommend that the following clarification be made to "paragraph (7)" under the heading "Payment Disclosure" in the Instructions to Item 2.01, which requires reporting of payments made on behalf of a reporting issuer:

[1] Proposed Rule, page 160 (Prepublication Draft).

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Payment Disclosure

(7) Although an entity providing only services to a resource extraction issuer to assist with exploration, extraction, processing or export would generally not be considered a resource extraction issuer, where such a service provider***, acting as an third party agent or broker,*** makes a payment that falls within the definition of "payment" to a government on behalf of a resource extraction issuer, the resource extraction issuer must disclose such payment. ***This does not include situations where non-operating partners reimburse an operator of a joint arrangement.***

This requirement may be interpreted to conflict with the concepts of control and reporting of payments made by the issuer. For example, in situations of joint control or where no entity controls a business arrangement that includes two or more partners, the "on behalf of" language could be interpreted as an indirect proportional reporting mechanism.