



**Jeanette L. Ourada**  
Vice President and Comptroller

October 13, 2017

Via email to [director@fasb.org](mailto:director@fasb.org)

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
P. O. Box 5116  
Norwalk, CT 06856-5116

**Re: Proposed Accounting Standards Update – Land Easement Practical Expedient for Transition to Topic 842, File Reference No. 2017-290**

Chevron Corporation (Chevron) appreciates the opportunity to provide comments to the Financial Accounting Standards Board (the “Board”) regarding the proposed Accounting Standards Update, Land Easement Practical Expedient for Transition to Topic 842 and commends the Board for its efforts to simplify the implementation of Topic 842. Overall, we believe the Proposed ASU does clarify the treatment of land easements under Topic 842, while addressing stakeholder concerns regarding the costs and complexity of complying with the transition requirements.

Chevron is one of the world's leading integrated energy companies, with subsidiaries that conduct business worldwide. The company is involved in virtually every facet of the energy industry. Chevron explores for, produces and transports crude oil and natural gas; refines, markets and distributes transportation fuels and lubricants; manufactures and sells petrochemical products; generates power; and develops the energy resources of the future, including biofuels. The company's activities are widely dispersed geographically, with operations in North America, South America, Europe, Africa, Asia and Australia.

Our detailed responses to the questions posed by the FASB in the proposed ASU follow:

**Responses to Questions**

**Question 1:** Would the land easement practical expedient in this proposed Update reduce the cost and complexity to implement Topic 842? If not, please explain why.

Yes, we believe the land easement practical expedient will reduce the cost and complexity to implement Topic 842. While implementation complexities are reduced by the existing practical expedient (under 842-10-55-1f) which allows entities to not reassess whether expired or existing contracts are or contain leases, the company has thousands of land easements contracts that were not previously assessed as a lease under Topic 840. By explicitly grandfathering the current accounting treatment for existing or expired land easements (as contemplated under this exposure draft), the company will not be required to evaluate a large number of easement contracts, significantly reducing the implementation efforts.

Technical Director  
Financial Accounting Standards Board  
Page 2  
October 13, 2017

**Question 2:** Would the proposed amendments require transition provisions or an effective date that is different from those for Topic 842? If yes, please explain what transition requirements and/or effective date you would recommend and why.

From our perspective, the proposed amendments related to land easements would not require any further transition provisions nor an effective date that is different from those for Topic 842.

We trust our comments are helpful to the Board in determining next steps for the project. If you have any questions on the content of this letter, please contact Al Ziarnik, Assistant Comptroller, at (925) 842-5031.

Sincerely,



Jeanette L. Ourada