

# Federal Accounting Standards Advisory Board

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## NEWS RELEASE

### **FASAB Extends Comment Period for the Exposure Draft Entitled *Accounting for Federal Oil and Gas Resources***

The Chairman of the Federal Accounting Standards Advisory Board (FASAB), Tom Allen, announced an extension of time to submit comments on the Exposure Draft (ED), *Accounting for Federal Oil and Gas Resources* published May 21, 2007. The ED proposes standards that would result in recognition of the estimated value of royalties from Federal oil and gas leases and changes in those values over time as well as the amount of royalties designated for distribution to other entities such as state governments. If the proposal is adopted, Federal financial reports would also provide information about revenues and depletion expense attributable to production during the reporting period, related trend information, estimated quantities of Federal oil and gas resources, and the estimated value of royalty relief on production during the period.

Currently, there are no specific accounting standards for Federal oil and gas resources and there is no Federal financial reporting about the quantity or value of these assets. This ED proposes a new framework that is expected to be applied to other natural resources. In addition, it proposes that agencies designated in law to receive a distribution of oil and gas royalties recognize a receivable based on the estimated royalties. Mr. Allen noted that "this ED raises issues such as fair value accounting for assets that may serve as precedents for future standards. Unfortunately, our constituents may perceive this as a single agency issue since it most directly affects the Department of Interior. I'm hopeful that this extension and added outreach will ensure that the Board benefits from the careful consideration of issues by preparers, auditors and users of financial information."

Initially, the ED requested comments by September 21, 2007. However, because the Board received a request for the comment period to be extended and because few responses have been received, the Board has agreed to extend the comment period until January 11, 2008. Respondents to the ED are encouraged to provide the reasons for their positions. The exposure draft in PDF format and the specific questions raised in Word format are available at the FASAB website (<http://www.fasab.gov/exposure.html>).

## **ABOUT FASAB**

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: [www.fasab.gov](http://www.fasab.gov).