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Sent: Thursday, February 10, 2011 3:37 PM

To: FASAB

Cc: Close, Kevin; CONSTANCE, CONNIE -OCFO

Subject: ED Comment - Deferral of the Effective Date of SFFAS 38, Accounting for Federal Oil and Gas Resources

Attached is the US Forest Service comment on exposure draft, "Deferral of the Effective Date of SFFAS 38, Accounting for Federal Oil and Gas Resources".

Melanie R Cenci
USDA/OCFO-FO/CRD

U.S. Forest Service Response to Exposure Draft

Question/Response for Agencies:

Federal Financial Accounting Technical Release Exposure Draft:

Deferral of the Effective Date of SFFAS 38, Accounting for Federal Oil and Gas Resources

Q1. Do you agree or disagree with the proposed one-year deferral of the effective date of SFFAS 38, *Accounting for Federal Oil and Gas Resources* (see paragraph 2 and further discussion in paragraphs A1 through A7)? Please explain the reasons for your position in as much detail as possible.

Response:

The Forest Service agrees with the proposed one-year deferral. As noted in our response to Technical Bulletin 2011-1, the Forest Service has neither the authority nor the technical staff to independently determine or estimate the proved mineral reserves or the potential revenues derived from their production or use. As such, much of this would reasonably fall upon the new Office of Natural Resources Revenue (ONNR) and would likely require support from the US Geological Survey to estimate mineral reserves. With the re-organization of the former Minerals Management Service into the ONNR, it would be reasonable to provide for a one year deferral to allow them to incorporate the requirements as stipulated in SFFAS 38.