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From: jvelasco@blm.gov [mailto:jvelasco@blm.gov]

Sent: Monday, January 31, 2011 2:25 PM

To: Ranagan, Julia E

Cc: Don_Geiger@ios.doi.gov; b1buxton@blm.gov

Subject: Re: Invitation to Field Test Proposed Technical Bulletin

Please find the feedback below.

(See attached file: Technical Bulletin 2011-1 response.docx)

Janine Velasco

Assistant Director, Business & Fiscal Res.

Bureau of Land Management
Response to Federal Accounting Standards Advisory Board
Technical Bulletin 2011-1 Exposure Draft
Accounting for Federal Natural Resources Other Than Oil and Gas

The Bureau of Land Management (BLM) is grateful for the opportunity to provide comments regarding Technical Bulletin 2011-1, *Accounting for Federal Natural Resources Other than Oil and Gas*. As an entity that is the steward for public lands and numerous natural resources we appreciate the opportunity to provide feedback on the valuation of federal natural resources and the effects of the proposed policy.

While we understand the need to document an understanding of the Federal government's role in managing natural resources and to provide transparency in their use, the BLM still feels obligated to offer the following observations.

The principle purpose of the Technical Bulletin in question is to provide the value of all federal natural resources under long-term lease, contract or other agreement (other than oil and gas). Currently BLM obtains historical receipt/collections information for categories centrally via the Financial Business Management System (FBMS). No calculations are presently made to obtain the present value (PV) of future receipts under lease or other long-term agreements.

This change in policy will create a new business process where forecasting would have to be based on prior year historical data (in arrears) with estimated discounted rates per Technical Guidance provided. Furthermore, new data collection requirements may require wide-ranging and costly changes to existing BLM procedures, business processes and system requirements. These may include, but are not limited to, methods of collecting data and consolidating data, additional programming in FBMS, while at the same time conforming to Departmental standards and policies.

In terms of current categories- several of BLM's receipts (regardless of materiality) include the following: Grazing, Timber, Helium, and more. BLM also maintains a helium stockpile inventory on its Balance Sheet, which is stored in a partially depleted natural gas reservoir. The inventory is at cost and the volume of helium is accounted for on a perpetual basis and annually verified by collecting data and using generally accepted petroleum engineering principles to calculate volume (Agency Financial Report, 2010).

During this time the BLM is still examining whether the value of federal natural resources are material. Nevertheless, if values are significant, with information from a variety of categories arriving from different areas, could lead to potential ramifications including the inability to meet accelerated financial reporting due dates, higher labor costs, inability to provide the level of accurate detailed information required, and potential audit findings.