



Federal Accounting Standards Advisory Board

January 16, 2007

To: Members of the Board
From: Rick Wascak, Assistant Director
Through: Wendy M. Comes, Executive Director
Subj: Oil and Gas Resources Project ¹ (Tab D)

Enclosed is a revised draft of an Exposure Draft (ED) entitled *Accounting for Federal Oil and Gas Resources*. The objectives for the January 2007 Board meeting are to:

- a. Review and discuss the draft ED.
- b. Gain feedback from the Board on the existing ED.
- c. Gain Board approval for circulating a pre-ballot ED.

The Board discussed a revised draft exposure draft (ED) entitled *Accounting for Federal Oil and Gas Resources* at the November 2006 meeting. Based on discussions about the revised draft ED and comments from the Board members, staff has made additional revisions. Additions to this document are highlighted with an underscore (underscore) and deletions are highlighted with a strikethrough (~~strikethrough~~). The revisions to the document are presented below. They are:

1. The ED was revised to establish a liability in conjunction with the recognition of the asset estimated petroleum royalties and revenue collections designated to be distributed to others, e.g., the states, the general fund of the U.S. Treasury, and other federal agencies. (See page one, paragraphs 19, 21, 24, 28, 31, 32, 38 A58 through A61)
2. A definition and examples of natural gas plant liquids (NGPLs) were provided in the footnotes where NGPLs are discussed for the first time. (See page i, footnote four)
3. The transmittal letter in the ED, the question pertaining to an alternative view (See Question 2), and the Executive Summary (See page i) were revised to call attention to the alternative view and to provide references to it in each of these three sections.
4. Question number 3 was revised to ask how disclosure information and RSI would be used and the Basis for Conclusions was expanded to support the question. (See paragraphs A114 and A115)
5. The term revenue was changed to collections in paragraphs 2 and 15.
6. Footnote number nine on page ten was revised in conjunction with the terms used in Illustration 1, *Framework for Components of Federal Oil and Gas Resources*.
7. Additional minor editorial revisions were made throughout the document.

If you have questions or comments pertaining to the oil and gas ED before the meeting, please contact Rick Wascak at 202 512-7363 or by e-mail at wascakr@fasab.gov

¹ The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations.