


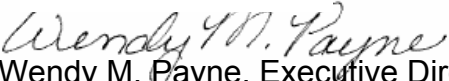


February 11, 2011

Memorandum

To: Members of the Board

From:  Julia E. Ranagan, Assistant Director

Through:  Wendy M. Payne, Executive Director

Subject: **Natural Resources: Deferral of SFFAS 38, Additional Comment Letter Received from Forest Service on February 10, 2011¹ – Tab B**

I have attached an additional comment letter received from the Forest Service on the exposure draft, *Deferral of the Effective Date of SFFAS 38, Accounting for Federal Oil and Gas Resources*, which was released January 5, 2011, with comments requested by February 7, 2011.

Because the Forest Service agrees with the one-year deferral of SFFAS 38, staff's analysis and recommendation as previously included in Tab B does not change.

Additional comment letters will be forwarded to you via email as they are received. Hard copies will be provided at the meeting.

If you have any questions or comments, please contact me by telephone at 202.512.7377 or by e-mail at ranaganj@fasab.gov.

Attachment

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.

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.