



*Advancing
Government
Accountability*

TX OK Regional VP Elect
Helene A. Baker, CGFM,
CFE

Audit Manager
Air Force Audit Agency
2509 Kennedy Circle
Brooks City-Base TX
78235

Email:
Helene.baker@brooks.af.mil

PH: (210) 536-2252
FX: (210) 536-8036

Helene A. Baker

Non-Federal - Other

September 6, 2007

Ms. Wendy Comes, Executive Director
Federal Accounting Standards Advisory Board
Suite 6814
441 G Street NW
Washington DC 20548

Dear Ms. Comes,

The FASAB extended an invitation in seeking input to proposed Statement of Federal Financial Accounting Standards entitled *Accounting for Federal Oil and Gas Resources Exposure Draft*. This 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.

In response to Q1 through Q7 in a nutshell:

As benefits are derived from proper accountability of royalties the belief of estimating proved reserves on estimation distorts the financial statements. In the oil and gas industry estimation is based on production for purchase of government federal leases for drilling and capital cost estimates. The Department of Interior pursued issues on estimation of royalties that were unattainable through trends or other market data. Spot market prices are best measurement of value when not in formal contracts that attains lower than market costs. The Energy Information Service at <http://www.eia.doe.gov> is best source for estimations throughout the United States as they receive voluntary reports from the oil and gas industry disclosing production and area costs.

Thank you for the opportunity to have comment on this proposal.

Sincerely,

S//
Helene A. Baker
TX OK Regional VP-Elect

Cc: Susan Fritzlen (sfritzlen@agacgfm.org)

