

**PROPOSED FASB STAFF POSITION**

**No. FAS 142-b**

**Title:** Application of FASB Statement No. 142, *Goodwill and Other Intangible Assets*, to Oil- and Gas-Producing Entities

**Comment Deadline:** August 17, 2004

1. Questions have arisen as to whether the scope exception in paragraph 8(b) of Statement 142 includes the balance sheet classification and disclosures for drilling and mineral rights of oil- and gas-producing entities.

**FASB Staff Position**

2. The scope exception in paragraph 8(b) of Statement 142 includes the balance sheet classification and disclosures for drilling and mineral rights of oil- and gas-producing entities that are within the scope of FASB Statement No. 19, *Financial Accounting and Reporting by Oil and Gas Producing Companies*.

3. The FASB staff acknowledges that the accounting framework in Statement 19 for oil- and gas-producing entities is based on the level of established reserves—not whether an asset is tangible or intangible. Accordingly, the FASB staff believes that the scope exception in paragraph 8(b) of Statement 142 extends to its disclosure provisions for drilling and mineral rights of oil- and gas-producing entities. However, an entity is not precluded from providing information about its drilling and mineral rights in addition to the information required by FASB Statement No. 69, *Disclosures about Oil and Gas Producing Activities*.

4. Entities should not analogize to the conclusion in this FSP for other items listed in paragraph 8 of Statement 142.

**Effective Date and Transition**

5. The guidance in this FSP shall be applied to the first reporting period beginning after [the date that the FSP is finalized]. If the guidance in this FSP results in the reclassification of an asset, prior period amounts on the statements of financial position shall be reclassified. Early application of this guidance is permitted in periods for which financial statements have not yet been issued.