



AMERICAN PETROLEUM INSTITUTE

Michael T. Flickinger
Advisor – Customs and Accounting

1220 L Street, NW
Washington, DC 20005-4070
Telephone (202) 682-8264
Fax (202) 682-8408
Email FlickingerM@api.org
www.api.org

January 29, 2018

Russell G. Golden
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 2018-200

Submitted via electronic mail to director@fasb.org

Dear Chairman Golden,

The American Petroleum Institute (API) would like to take the opportunity to comment on Proposed Accounting Standards Update—*Leases (Topic 842): Targeted Improvements*. **We appreciate the FASB staff and Board taking the time to discuss implementation issues with our members and for their timely response to industry feedback through this Proposed Accounting Standards Update.**

API is a leading organization representing approximately 625 members in the Oil & Gas industry. API is the only national trade association representing all facets of the oil and natural gas industry, which supports 10.3 million jobs and 8 percent of the U.S. economy. API formed a lease working group to discuss technical interpretations and implementation best practices for Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. The API lease working group, with support from the other API members, developed certain recommendations that were previously shared with the FASB. This letter also represents the collective views of the API members.

Transition – Comparative Reporting at Adoption

API is fully supportive of the proposed amendment that allows entities to elect an alternative transition adoption method by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption, and continuing to present the comparative periods in accordance with current GAAP (Topic 840), including disclosures. We believe this approach will reduce the costs and complexity associated with implementing ASC 842, and will not deprive investors of valuable information. This approach significantly eases the burden of adoption in numerous ways, for example: by allowing our member entities additional time to evaluate and integrate any new lease software systems, by reducing the costs required to gather and analyze data for comparative reporting, and by

eliminating certain impracticalities such as calculating the effects of foreign exchange movements during the comparative periods. We believe the proposed transition method, as written, is an operable alternative for the adoption of ASC 842.

We appreciate the FASB's continued support as we work through the complexities of implementation. Should you have any questions, we welcome the opportunity to discuss our comments further.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Flickinger", with a long horizontal flourish extending to the right.

Michael Flickinger
American Petroleum Institute