

**DEPARTMENT OF TRANSPORTATION****Federal Aviation Administration****14 CFR Part 71**

[Docket No. FAA-2004-18826; Airspace Docket No. 04-ACE-52]

**Modification of Class E Airspace; Lamar, MO**

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Direct final rule; request for comments.

**SUMMARY:** This action amends title 14 Code of Federal Regulations, part 71 (14 CFR 71) by revising Class E airspace at Lamar, MO. A review of the Class E airspace area extending upward from 700 feet above the surface at Lamar, MO revealed it does not reflect the current Lamar Municipal Airport airport reference point (ARP) and is not in compliance with established airspace criteria. This airspace area is enlarged and modified to conform to FAA Orders.

**DATES:** This direct final rule is effective on 0901 UTC, January 20, 2005. Comments for inclusion in the Rules Docket must be received on or before November 9, 2004.

**ADDRESSES:** Send comments on this proposal to the Docket Management System, U.S. Department of Transportation, Room Plaza 401, 400 Seventh Street, SW., Washington, DC 20590-0001. You must identify the docket number FAA-2004-18826/Airspace Docket No. 04-ACE-52, at the beginning of your comments. You may also submit comments on the Internet at <http://dms.dot.gov>. You may review the public docket containing the proposal, any comments received, and any final disposition in person in the Dockets Office between 9 a.m. and 6 p.m., Monday through Friday, except Federal holidays. The Docket Office (telephone 1-800-647-5527) is on the plaza level of the Department of Transportation NASSIF Building at the above address.

**FOR FURTHER INFORMATION CONTACT:** Brenda Mumper, Air Traffic Division, Airspace Branch, ACE-520A, DOT Regional Headquarters Building, Federal Aviation Administration, 901 Locust Kansas City, MO 64106; telephone: (816) 329-2524.

**SUPPLEMENTARY INFORMATION:** This amendment to 14 CFR part 71 modifies the Class E airspace area extending upward from 700 feet above the surface at Lamar, MO. An examination of controlled airspace for Lamar, MO

revealed that the Lamar Municipal Airport ARP used in the legal description for this Class E airspace area is incorrect and that the airspace area does not comply with airspace requirements for diverse departures as set forth in FAA Order 7400.2E, Procedures for Handling Airspace Matters. The examination also identified that the dimensions of the extension to the Class E airspace area are not in compliance with FAA Order 8260.19C, Flight Procedures and Airspace. This action expands the Lamar, MO Class E airspace area extending upward from 700 feet above the surface from a 6-mile radius to a 6.3-mile radius of Lamar Municipal Airport, corrects the ARP in the legal description, decreases the length and width of the extension from 7.4 to 7 miles and from 2.6 to 2.5 miles respectively and brings the legal description of the airspace area into compliance with FAA Orders 7400.2E and 8260.19C. This area will be depicted on appropriate aeronautical charts. Class E airspace areas extending upward from 700 feet or more above the surface of the earth are published in paragraph 6005 of FAA Order 7400.9M, Airspace Designations and Reporting Points, dated August 30, 2004, and effective September 16, 2004, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designation listed in this document will be published subsequently in the Order.

**The Direct Final Rule Procedure**

The FAA anticipates that this regulation will not result in adverse or negative comment and, therefore, is issuing it as a direct final rule. Previous actions of this nature have not been controversial and have not resulted in adverse comments or objections. Unless a written adverse or negative comment, or a written notice of intent to submit an adverse or negative comment is received within the comment period, the regulation will become effective on the date specified above. After the close of the comment period, the FAA will publish a document in the **Federal Register** indicating that no adverse or negative comments were received and confirming the date on which the final rule will become effective. If the FAA does receive, within the comment period, an adverse or negative comment, or written notice of intent to submit such a comment, a document withdrawing the direct final rule will be published in the **Federal Register**, and a notice of proposed rulemaking may be published with a new comment period.

**Comments Invited**

Interested parties are invited to participate in this rulemaking by submitting such written data, views, or arguments, as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, aeronautical, economic, environmental, and energy-related aspects of the proposal. Communications should identify both docket numbers and be submitted in triplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this notice must submit with those comments a self-addressed, stamped postcard on which the following statement is made: "Comments to Docket No. FAA-2004-18826/Airspace Docket No. 04-ACE-52." The postcard will be date/time stamped and returned to the commenter.

**Agency Findings**

The regulations adopted herein will not have a substantial direct effect on the States, on the relationship between the national Government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, it is determined that this final rule does not have federalism implications under Executive Order 13132.

The FAA has determined that this regulation is noncontroversial and unlikely to result in adverse or negative comments. For the reasons discussed in the preamble, I certify that this regulation (1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under Department of Transportation (DOT) Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and (3) if promulgated, will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

**List of Subjects in 14 CFR Part 71**

Airspace, Incorporated by reference, Navigation (air)

**Adoption of the Amendment**

■ Accordingly, the Federal Aviation Administration amends 14 CFR part 71 as follows:

**PART 71—DESIGNATION OF CLASS A, CLASS B, CLASS C, CLASS D, AND CLASS E AIRSPACE AREAS; AIRWAYS; ROUTES; AND REPORTING POINTS**

■ 1. The authority citation for part 71 continues to read as follows:

**Authority:** 49 U.S.C. 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR 1959–1963 Comp., p. 389.

**§ 71.1 [Amended]**

■ 2. The incorporation by reference in 14 CFR 71.1 of Federal Aviation Administration Order 7400.9M, dated August 30, 2004, and effective September 16, 2004, is amended as follows:

\* \* \* \* \*

*Paragraph 6005 Class E airspace areas extending upward from 700 feet or more above the surface of the earth.*

\* \* \* \* \*

**ACE MO E5 Lamar, MO**

Lamar Municipal Airport, MO  
(Lat. 37°29'22" N., long. 94°18'41" W.)  
Spring River NDB  
(Lat. 37°29'13" N., long. 94°18'37" W.)

That airspace extending upward from 700 feet above the surface within a 6.3-mile radius of Lamar Municipal Airport and within 2.5 miles each side of the 221° bearing from the Spring River NDB extending from the 6.3-mile radius of the airport to 7 miles southwest of the NDB.

\* \* \* \* \*

Dated: Issued in Kansas City, MO on September 21, 2004.

**Elizabeth S. Wallis,**

*Acting Manager, Air Traffic Division, Central Region.*

[FR Doc. 04–22278 Filed 10–1–04; 8:45 am]

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**SECURITIES AND EXCHANGE COMMISSION**

**17 CFR Part 211**

[Release No. SAB 106]

**Staff Accounting Bulletin No. 106**

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Publication of staff accounting bulletin.

**SUMMARY:** The interpretations in this staff accounting bulletin express the staff's views regarding the application of FASB Statement No. 143, *Accounting for Asset Retirement Obligations*, by oil and gas producing companies following the full cost accounting method.

**DATES:** Effective September 28, 2004.

**FOR FURTHER INFORMATION CONTACT:**

Cathy J. Cole or John W. Albert, Office of the Chief Accountant (202) 942–4400 or Leslie A. Overton, Division of

Corporation Finance (202) 942–2960, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549–1103.

**SUPPLEMENTARY INFORMATION:** The statements in staff accounting bulletins are not rules or interpretations of the Commission, nor are they published as bearing the Commission's official approval. They represent interpretations and practices followed by the Division of Corporation Finance and the Office of the Chief Accountant in administering the disclosure requirements of the Federal securities laws.

Dated: September 28, 2004.

**Margaret H. McFarland,**  
*Deputy Secretary.*

**PART 211—[AMENDED]**

■ Accordingly, part 211 of title 17 of the Code of Federal Regulations is amended by adding Staff Accounting Bulletin No. 106 to the table found in subpart B.

**Note:** The text of SAB 106 will not appear in the Code of Federal Regulations.

**Staff Accounting Bulletin No. 106**

The staff hereby adds Section 4 to Topic 12–D of the staff accounting bulletin series. Topic 12–D.4 provides guidance regarding the interaction of Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations*, with the full cost accounting rules in Article 4–10 of Regulation S–X.

**Topic 12: Oil and Gas Producing Activities**

\* \* \* \* \*

*D. Application of Full Cost Method of Accounting*

\* \* \* \* \*

4. Interaction of Statement 143<sup>1</sup> and the Full Cost Rules

a. Impact of Statement 143 on the Full Cost Ceiling Test

*Facts:* A company following the full cost method of accounting under Rule 4–10(c) of Regulation S–X must periodically calculate a limitation on capitalized costs, *i.e.*, the full cost ceiling. Prior to adopting Statement 143, in calculating the full cost ceiling a company reduced the expected future revenues from proved oil and gas reserves by the estimated future expenditures to be incurred in developing and producing such reserves discounted using a factor specified in the rule. While expected future cash

flows related to the asset retirement obligation (ARO) were included in the calculation of the ceiling test, no associated asset was recorded. Under Statement 143, a company must recognize a liability for an asset retirement obligation at fair value in the period in which the obligation is incurred, if a reasonable estimate of fair value can be made. The company also must initially capitalize the associated asset retirement costs by increasing long-lived oil and gas assets by the same amount as the liability. Any asset retirement costs capitalized pursuant to Statement 143 are subject to the full cost ceiling limitation under Rule 4–10(c)(4) of Regulation S–X. If after adoption of Statement 143, a company were to continue calculating the full cost ceiling by reducing expected future net revenues by the cash flows required to settle the ARO, then the effect would be to “double-count” such costs in the ceiling test. The assets that must be recovered would be increased while the future net revenues available to recover the assets continue to be reduced by the amount of the ARO settlement cash flows.

*Question 1:* After adopting Statement 143, how should a company compute the full cost ceiling to avoid double-counting the expected future cash outflows associated with asset retirement costs?

*Interpretive Response:* After adoption of Statement 143, the future cash outflows associated with settling AROs that have been accrued on the balance sheet should be excluded from the computation of the present value of estimated future net revenues for purposes of the full cost ceiling calculation.<sup>2 3</sup>

*Question 2:* What disclosures should the company provide on the interaction of Statement 143 and the full cost rules?

*Interpretive Response:* In order to inform financial statement users on the interaction of Statement 143 and the full cost rules, a company following such rules is expected to provide appropriate disclosures in the financial statement footnotes and Management's Discussion and Analysis explaining in detail how

<sup>2</sup> If an obligation for expected asset retirement costs has not been accrued under Statement 143 for certain asset retirement costs required to be included in the full cost ceiling calculation under Rule 4–10(c)(4), such costs should continue to be included in the full cost ceiling calculation.

<sup>3</sup> This approach is consistent with the guidance in paragraph 12 of Statement 143 on testing for impairment under Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. Under that guidance, the asset tested should include capitalized asset retirement costs. The estimated cash flows related to the associated ARO that has been recognized in the financial statements are to be excluded from both the undiscounted cash flows used to test for recoverability and the discounted cash flows used to measure the asset's fair value.

<sup>1</sup> Statement of Financial Accounting Standards No. 143 (Statement 143), *Accounting for Asset Retirement Obligations*, is effective for financial statements issued for fiscal years beginning after June 15, 2002.