UPDATE: DISCLOSURE OF RESERVES: YEAR-END PRICES VERSUS AVERAGE PRICES

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The article in the December 2011 issues of the Oil, Gas, and Energy Quarterly, was prepared based on the earlier SEC proposal that would have used the average first-of-month prices to determine the unaudited reserve disclosures while maintaining year end prices to determine reserves for other purposes in the financial statements. The final rule uses average first-of-month prices for all computations in the financial statements including the unaudited disclosures, thereby removing inconsistencies within the statements. This conformity within the statements eliminates the portion of the motivation of the paper that dealt with inconsistencies. However, the fair value motivation is unchanged. The analysis still shows that there is no significant difference in year-end prices and average first-of-month prices for the time period that was examined.

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