



Meeting Minutes
IADC Accounting Issues/Procedures Committee
19 September 2013, 2-4 pm
EnSCO, 5847 San Felipe St., Ste. 3800, Houston, TX 77057

Note: Anti-Trust Statement - It is the policy of IADC committees that no discussion of any specific proprietary information will be exchanged. It is also strictly forbidden that any promotion of or solicitation for participation in agreements between IADC members be allowed.

Agenda Item: “KPMG Presentation and continuing education – topics intended to include updates regarding (a) revenue recognition and lease exposure drafts, (b) discontinued operations exposure draft, (c) SEC hot topics and comment letters, and (d) general reminders for income taxes and cash flows.”

- A. The committee had a brief discussion of the revenue recognition of mobilization fees and also the bifurcation of lease vs. service fees components. It was stated that the new FASB lease accounting regulations would go into effect during 2017.
- B. Regarding discontinued operations, materiality was discussed as it plays a part in the accounting.
- C. Regarding SEC hot topics, it was discussed that a “Q&A” list has been generated by the FASB regarding the disclosures of conflict minerals. Also a brief discussion of cyber security took place.
- D. Regarding income taxes, a brief discussion of the disclosures of income taxes and the foreign investment of cash.

Agenda Item: “Key performance measures – revenue efficiency” - The committee members discussed their firms’ techniques and relative disclosures. Also the committee discussed the need for a letter from the SEC regarding the clarification of revenue efficiency terminology.

Agenda Item: “Non-GAAP measures – Adjusted Net Income” – The committee discussed various methods used and the content of disclosure not required by GAAP. Also, the discussion of effective tax rate calculations took place.

Agenda Item: “New Matters” –

- 1. The committee decided to revisit the topic of “Revenue Efficiency Disclosures” during the 4th quarterly meeting this year. To be discussed will be the new year’s disclosure guidelines for industry uniformity.
- 2. A discussion took place regarding the accounting for major rig maintenance as to capitalization or expensing the costs. It was discussed that generally contract preparation of the rig would be expensed and a planned overhaul would be capitalized. The concept of materiality and the related extended life of the asset would play a part in the decision to capitalize costs.
- 3. After full discussion of the topics listed the committee was then adjourned.

Attendance:

Name		Company Name
Janelle	Flores	Diamond Offshore
Beth	Gordon	Diamond Offshore

Kevin	Smith	Ensco plc
Scott	Lyon	Ensco plc
Tommy	Darby	Ensco plc
Nicolas	Jaciuk	Ensco plc
Kevin	Klein	Ensco plc
Dean	Gant	IADC
Richard	Tatum	Pacific Drilling
Paul	Reese	Pacific Drilling
Jennifer	Slivensky	Seadrill Americas Inc
Pat	Gonzales	Seadrill Americas Inc
Phil	Rider	Sidewinder Drilling
David	Meliza	Transocean