

# International Association of Drilling Contractors



**AIP Committee Meeting  
19 June 2014  
Diamond Offshore  
15415 Katy Freeway  
Houston, TX 77094**

## Minutes

### **Agenda Item: Next meeting date and location**

David Meliza, Transocean, has offered to host the next quarterly meeting on September 18, 2014 from 2 to 4 p.m. at 4 E. Greenway Plaza, Houston, TX 77046.

### **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: Accounting for revenue from contracts with customers and accounting for leases**

John Vickers and Oliver Henkel of Deloitte presented a summary of the accounting standards update and its application to the contract drilling industry. The presentation included a step-by-step review of revenue recognition considerations, a definition of contracts and customers under the new standards, timing of revenue recognition and the use of estimates. Additional topics included contract costs, disclosure requirements and implementation considerations.

The FASB has scheduled a forum for discussion in October 2014, and the update is expected to be released in 2015 with implementation dates tentatively in 2017 for public companies. The committee agreed to establish a subcommittee to draft a letter to the FASB in an effort to present additional arguments for the drilling industry.

### **Agenda Item: Major rig upgrades and life enhancements**

The committee members discussed accounting policies for capitalization v. expense recognition related to the costs for deferred maintenance during major rig upgrades. Several stated that the costs of such deferred maintenance could apply in the case of a major overhaul during a life-enhancement upgrade while others generally treated deferred maintenance as repairs and expensed as incurred.

### **Agenda Item: Deferred costs**

Participants discussed the presentation for amortization of deferred costs as a component of operating and maintenance expense as opposed to depreciation and amortization.

### **Agenda Item: New Matters**

#### **Topic: Capitalization of drilling rig software upgrades**

The members acknowledged accounting guidance that permitted capitalization for development of software under certain circumstances, noting that materiality was a key consideration.

**The committee meeting was adjourned after full discussion of these matters.**

# International Association of Drilling Contractors

## Attendance:

Name		Company Name
Jay	Paul	<b>ATWOOD OCEANICS, INC.</b>
Katie	Cunningham	<b>ATWOOD OCEANICS, INC.</b>
Mark	Smith	<b>ATWOOD OCEANICS, INC.</b>
Andrew	Wood	<b>ATWOOD OCEANICS, INC.</b>
Oliver	Henkel	<b>DELOITTE</b>
Janelle	Flores	<b>DIAMOND OFFSHORE DRILLING, INC.</b>
Beth	Gordon	<b>DIAMOND OFFSHORE DRILLING, INC.</b>
Melissa	Essary	<b>DIAMOND OFFSHORE DRILLING, INC.</b>
Scott	Lyon	<b>ENSCO PLC</b>
Ken	Smith	<b>ENSCO PLC</b>
Dean	Gant	<b>IADC</b>
Yvette	Urteaga	<b>NABORS CORPORATE SERVICES, INC.</b>
Anthony	Deblanc	<b>NABORS CORPORATE SERVICES, INC.</b>
David	Hiscocks	<b>NOBLE DRILLING SERVICES, INC.</b>
Edward	Wong	<b>PACIFIC DRILLING SERVICES, INC</b>
Richard	Tatum	<b>PACIFIC DRILLING SERVICES, INC</b>
Kelly	Bludau	<b>PARKER DRILLING COMPANY</b>
Chris	Herold	<b>PARKER DRILLING COMPANY</b>
Jessie	Satterwhite	<b>PATTERSON</b>
Philip	Rider	<b>SIDEWINDER DRILLING INC</b>
David	Meliza	<b>TRANSOCEAN</b>