



Meeting Minutes
IADC Accounting Issues/Procedures Committee
10 December 2015, 2-4pm
IADC Headquarters
10370 Richmond Ave., Ste. 760, Houston, TX 77042

Agenda Item: Next meeting & Location

Kelly Bludau of Parker Drilling has offered to host the next quarter's meeting on March 24, 2016 from 2 to 4 P.M. at 5 Greenway Plaza, Suite 100, 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: "Educational Session Presented by Deloitte and Touche"

A brief overview of the new revenue recognition standard was presented by Deloitte which will be effective January 1, 2018. The second half of the presentation was regarding the new lease accounting standard that is expected to be released in the first quarter of 2016 and effective January 1, 2019 with early adoption permitted. The committee determined that the revenue and lease accounting standards should be adopted simultaneously in 2018.

Agenda Item: "Election of AIP Committee Officers"

The committee unanimously approved the re-election of Richard Tatum, Pacific Drilling, as Chairman and Kelly Bludau, Parker Drilling, as Vice-Chairwoman for 2016.

Agenda Item: "Update from the Revenue Recognition Sub-Committee"

Nauman Yousuf, Sub-Committee Chairman, Parker Drilling, and Ken Smith, Ensco, led the discussion of the work of the sub-committee and the results of the work done so far. The committee discussed the timing and production of a white paper stating the committee's approach and understanding of the implementation of the standard. The white paper is expected to be available sometime by the end of the second quarter of 2016. Ken Smith will host the next Sub-Committee meeting to be held from 2-4 p.m. on March 10, 2016. The place of the meeting will be at the Ensco offices at 5847 San Felipe, Suite 3300, Houston, TX 77057.

Agenda Item: "Accounting for shore based departmental costs as G&A or contract drilling"

The committee discussed whether cost such as marketing and business development are classified as general and administrative or contract drilling operating expense. There were mixed responses from the committee however primarily these cost are treated as contract drilling operating expense.

Agenda Item: "Reassessment of useful life assumption of rigs"

The committee discussed whether or not anyone extended the useful life for a rig once it returned back to work due to it remaining stacked for a period of time. All members noted that they do not reassess the useful life of a rig once it starts actively working again.

Agenda Item: "Accounting for 5 year regulatory required subsea equipment costs and 5 year manufacturer standards for drilling equipment costs"

Committee members discussed whether or not they expensed or deferred regulatory required inspection cost of their rigs. There were mixed responses as some members deferred these

costs until the next required inspection while others expensed them. The accounting treatment sometimes was determined based on the purpose and specific activities performed during the inspection. There was also a brief exchange of information regarding the accounting techniques for drilling equipment maintenance costs.

Agenda Item: “Accounting processes for fixed asset transfers/retirements and accounting treatment of inventory acquired during rig construction”

The committee discussed various accounting practices. Some committee members expressed that all inventory was expensed as purchased while some capitalized critical spare parts. All capitalized inventory was subject to obsolescence testing. On new drill ships all inventory would be capitalized whereas in most cases all inventory purchases on a working rig would be expensed upon being put into service on the rig.

Agenda Item: “SEC comment letter trends within industry”

The committee stated that they had no comment letters to discuss.

Agenda Item: “New Matters”

The committee had no new matters to discuss.

After a full discussion of the agenda topics the committee was adjourned.

Attendance:

Name		Company Name
Andy	Wood	ATWOOD OCEANICS
Jay	Ignacio	ATWOOD OCEANICS
Robby	Janes	DELOITTE
Melissa	Essary	DIAMOND OFFSHORE DRILLING
Janelle	Flores	DIAMOND OFFSHORE DRILLING
Beth	Gordon	DIAMOND OFFSHORE DRILLING
Jacob	Campbell	ENSCO PLC
Scott	Lyon	ENSCO PLC
Ken	Smith	ENSCO PLC
Dean	Gant	IADC
Scott	Davis	NOBLE DRILLING SERVICES INC.
Tim	Schmitt	PACIFIC DRILLING
Wayne	Vermeulen	PACIFIC DRILLING
Edward	Wong	PACIFIC DRILLING
Shaun	Land	PACIFIC DRILLING
Richard	Tatum	PACIFIC DRILLING SERVICES INC
Tony	Randazzo	PARAGON OFFSHORE
Katie	Cunningham	PARAGON OFFSHORE
Nauman	Yousuf	PARKER DRILLING COMPANY

Kelly	Bludau	PARKER DRILLING COMPANY
Andy	Hart	ROWAN COMPANIES PLC
Philip	Rider	SIDEWINDER DRILLING INC
David	Meliza	TRANSOCEAN
Anthony	DeBlanc	WEATHERFORD