



**Meeting Minutes**  
**IADC Accounting Issues/Procedures Committee**  
**AIP Revenue Recognition Sub-Committee**  
**16 June 2016, 2-4pm**  
**IADC Headquarters**  
10370 Richmond Ave., Ste. 760, Houston, TX 77042

**Agenda Item: Next meeting & Location**

The next meeting date and location is to be determined.

**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: “Subcommittee Role Changes”**

The subcommittee expressed appreciation for the service of Nauman Yousuf, Parker Drilling, for his service as Chairman of this sub-committee. Nauman is on assignment. The committee welcomed Colleen Grable, Ensco, as the new Chairwoman for the remainder of the year.

**Agenda Item: “Brief company presentations on an example of contract and revenue/lease accounting implications”**

The remainder of the time for the committee meeting was a strategy session of how the member companies were going to assess their own company’s revenue recognition/lease circumstance and future implementation of both the revenue and the lease accounting standard simultaneously. Although the implementation of the revenue standard and lease standard, if early adopted, is not until January 1, 2018, the subcommittee decided that the following would be the approach and objectives to be met so that a white paper could be produced subject to outside audit firm concurrence. Each firms’ audit committee would be involved during the process. The following were the bullet points of the remaining discussion:

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1. It was accepted by the subcommittee that the drilling contract exchanges remuneration for control of the rig by making the decisions that most affect the economic benefits derived from operating the rig. Therefore, it qualifies under the standard as a lease.
2. The subcommittee agreed that it would be beneficial if the majority of the contractor firms agreed as to a.) assessment of the revenue/lease components of the drilling contract, b.) determination of consideration under the leasing standard and c.) method for allocating consideration to each component. The determination is subject to the materiality of the item when applying the standard. Each participant was asked to be able to discuss these implementation concepts at the next meeting.
3. It was discussed that the mobilization, day rate and termination fees contained in the drilling contract should be evaluated by the subcommittee as they represent the most common compensation elements among the participants.
4. Communication within the subcommittee members will be ongoing and the subcommittee will meet as is needed to effectuate the production of the white paper.

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

**Attendance:**

<b>Name</b>		<b>Company Name</b>
Mike	Sanders	<b>ATWOOD OCEANICS, INC.</b>
Jay	Ignacio	<b>ATWOOD OCEANICS, INC.</b>
Janelle	Flores	<b>DIAMOND OFFSHORE DRILLING, INC.</b>
Beth	Gordon	<b>DIAMOND OFFSHORE DRILLING, INC.</b>
Melissa	Barron	<b>DIAMOND OFFSHORE DRILLING, INC.</b>
Jacob	Campbell	<b>ENSCO PLC</b>
Ken	Smith	<b>ENSCO PLC</b>
Colleen	Grable	<b>ENSCO PLC</b>
Derek	Sample	<b>ENSCO PLC</b>
Darla	Schrock	<b>HERCULES OFFSHORE, INC</b>
Dean	Gant	<b>IADC</b>
Muhammad	Jawad	<b>NOBLE DRILLING SERVICES INC.</b>
Shaun	Land	<b>PACIFIC DRILLING</b>
Edward	Wong	<b>PACIFIC DRILLING</b>
Anthony	Randazzo	<b>PARAGON OFFSHORE</b>
Corey	Allen	<b>PARAGON OFFSHORE</b>
Katie	Cunningham	<b>PARAGON OFFSHORE</b>
Kelly	Bludau	<b>PARKER DRILLING</b>
Brandili	Dehls	<b>PARKER DRILLING</b>
Leslie	Nagy	<b>PARKER DRILLING</b>
Elizabeth	Wilkinson	<b>RGP</b>
Dennis	Baldwin	<b>ROWAN COMPANIES</b>
Meredith	Woitas	<b>ROWAN COMPANIES</b>