



Meeting Minutes
IADC Accounting Issues/Procedures Committee
8 December 2016, 2-4pm
Diamond Offshore
15415 Katy Freeway, Houston, TX 77094

Agenda Item: Next meeting & Location

Parker Drilling has offered to host the next quarter's meeting on March 23, 2017, from 2 to 4 P.M. at 5 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: "Election of AIP Chairman and Vice Chairman"

Kelly Bludau, Parker Drilling, has been elected Chairwoman and Colleen Grable, EnSCO, has been elected Vice-Chairwoman of the committee for 2017.

Agenda Item: "Update from revenue and lease subcommittee and group discussion"

The sub-committee's next meeting will be on Tuesday, December 13, 2016, at the offices of EnSCO, 5847 San Felipe, Ste. 3300, Houston, TX 77057, from 2 to 4pm. Colleen Grable, Chairman of the sub-committee, gave an overview of the items needing further discussion regarding the white paper. The topic of measuring the variable consideration and particularly the subject of variable day rates was discussed. The need for addressing zero day rates is still being discussed. The committee also discussed the accounting for land drilling operations and the committee decided not to prepare a separate white paper at this time. At the last sub-committee meeting there was a lot of discussion but not much as in definitive direction from the major external audit firms. The final white paper preparation has been delayed until March 2017. The committee expressed the need to educate the audit firms regarding how drilling contractors operate so that they can fully understand the proposed application of the standard as it relates to the variability of day rates in particular. The sub-committee is also reaching out to the accounting committee of API to get some feedback regarding the white paper.

Agenda Item: "Critical accounting policies – revenue recognition"

The committee discussed the footnote inclusion of revenue recognition as a critical accounting policy and several members mentioned that their footnotes noted this.

Agenda Item: "Going concern evaluation"

The committee discussed their audit firm's requests for analysis. Most mentioned that they prepare a memo to address the evaluation using guidance from the ASU that satisfies the information requirements. Some noted though the level of analysis is dependent upon each Company's liquidity status. If liquidity is easily assessed to be sufficient through the assessment period, the level of detailed analysis is much less than when there is concerns about a Company's liquidity.

Agenda Item: "SEC comment letters or new accounting standards updated impacting industry"

The committee had few general comments regarding the matter in order to comply with SEC rules.

Agenda Item: “New Matters”

The committee also discussed the following matters:

- A. Disclosure requirements regarding the new lease standard are not determinable at this time.
- B. The committee discussed the market impact on stock prices, book value, goodwill and impairment evaluations.
- C. The committee discussed the classification of abandoned, idle rigs, scrap values and the accounting for impairment valuations.
- D. The committee discussed the accounting for reactivation costs, expense vs. deferral vs. capitalization. Costs incurred for the benefit of a future contract, would generally meet the criteria for deferral. Otherwise, costs would be expensed. The committee ended the conversation stating that the cost of moving the rig to a contract location would be deferred.

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

Attendance:

Name		Company Name
Jay	Ignacio	ATWOOD OCEANICS
Katie	Pence	ATWOOD OCEANICS
Janelle	Flores	DIAMOND OFFSHORE DRILLING
Melissa	Barron	DIAMOND OFFSHORE DRILLING
Jacob	Campbell	ENSCO PLC
Ben	Sample	ENSCO PLC
Colleen	Grable	ENSCO PLC
Dean	Gant	IADC
Richard	Tatum	PACIFIC DRILLING
Edward	Wong	PACIFIC DRILLING
Elizaveta	Udilovich	PARAGON OFFSHORE
Kelly	Bludau	PARKER DRILLING
Brandili	Dehls	PARKER DRILLING
Wayne	Fox	PARKER DRILLING
Meredith	Woitas	ROWAN COMPANIES
Simon	Butler	SEADRILL MANAGEMENT LTD
David	Meliza	TRANSOCEAN
Brent	Arriaga	WEATHERFORD