



Meeting Minutes
IADC Accounting Issues/Procedures Committee
AIP Revenue Recognition Sub-Committee
29 June 2017, 2-4pm
International Association of Drilling Contractors
10370 Richmond Ave., Ste., Houston, TX 77042

Agenda Item: Next meeting & Location

The next meeting date will be on August 17, 2017 at the IADC, 10370 Richmond Ave., Houston, TX 77042.

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: “Update on discussions with FASB in regards to variable consideration/in-substance fixed consideration”

– Colleen Grable, Chairwoman of the Subcommittee, Ensco, began the meeting with an overview of the face to face meeting with the FASB which took place on June 2, 2017. As of this subcommittee meeting the FASB has not communicated a response to that meeting. The subcommittee discussed the topics which continue to be areas that a consensus of standard application is needed, i.e. in-substance fixed revenue determination or variable consideration. Additional guidance is needed from the FASB and member audit firms. It was briefly discussed that the API did not offer guidance on their approach to applying the new standard at this time from a lessor or lessee standpoint.

Agenda Item: “Evaluate impact of previous discussions on white paper” – Ensco is using the white paper as a guide for its standard application in conjunction with other specific issues on adoption addressed in separate memos. . The sub-committee stated they are committed to completing the white paper and envision that it will include discussion of disclosures to ensure consistency of application.

Agenda Item: “Land Drillers and others consideration in the white paper” – KPMG held a recent Drillers Roundtable discussion. The subcommittee discussed the need for the white paper to include specific land drillers’ application of the revenue/lease standard. Depending on the conclusion of the FASB in the future it may be that the method of standard application will be very similar for land and offshore drillers. In the context of zero rates, the FASB’s clarification of protective rates and substantive rates may provide clarification of any diversity in the application of the measurement of consideration guidance.

Agenda Item: “Path forward to complete the lease white paper” – The subcommittee discussed its commitment to continue involvement in the development of the white paper. The subcommittee will strive to incorporate feedback received from accounting firms in connection with discussions held during implementation by the subcommittee members on topics such as mobilization and performance obligations related to drilling services with the goal of providing one white paper that addresses all applicable concerns voiced by the accounting firms.

Agenda Item: “Other items discussed” – The committee plans to discuss various implementation issues that are not incorporated into the white paper on a go forward basis, i.e. the topic of reimbursables, lessee determinations and disclosures. The subcommittee discussed the classification of a lease for various types of transactions.

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

Attendance:

Name		Company Name
Melissa	Barron	DIAMOND OFFSHORE
Jacob	Campbell	ENSCO PLC
Colleen	Grable	ENSCO PLC
Derek	Sample	ENSCO PLC
Caleb	Stogner	HELMERICH & PAYNE
Dean	Gant	IADC
Bryce	Klug	NOBLE DRILLING SERVICES
MJ	Jawad	NOBLE DRILLING SERVICES
Derek	Stanart	NOBLE DRILLING SERVICES
Dennis	Lubojacky	NOBLE DRILLING SERVICES
Richard	Tatum	PACIFIC DRILLING
Katie	Cunningham	PARAGON OFFSHORE
Leslie	Nagy	PARKER DRILLING
Kelly	Bludau	PARKER DRILLING
Asif	Minhas	PARKER DRILLING
Bruce	Sauers	PATTERSON UTI
Darla	Schrock	ROWAN COMPANIES
Meridith	Woitas	ROWAN COMPANIES
Nicholas	Kay	SEADRILL
Debbie	King	VANTAGE DRILLING INTERNATIONAL
Erika	Yamaguchi	VANTAGE DRILLING INTERNATIONAL