



Meeting Minutes
IADC Accounting Issues/Procedures Committee
13 September 2018, 2-4pm
International Association of Drilling Contractors
3657 Briarpark Drive, Ste. 200, Houston, TX 77042

Agenda Item: Next meeting & Location

The next meeting will be on November 8, 2018 at the IADC new location from 2 to 4pm, 3657 Briarpark, Ste 200, Houston, TX 77042. A tentative date of December 13, 2018 has been set for a future meeting of the revenue/lease accounting sub-committee to be held at IADC headquarters. A future email will be sent if the December 13, 2018 meeting will be needed.

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: “ASU 2018-11 Combining lease and non-lease components: A. Consideration of customer ascribed value for the service provided” B. IFRS Consideration

- A. Kelly Bludau, Chairwoman of the Committee, Parker Drilling, began the discussion of the member companies adopting the practical expedient approach to the lease standard. The committee discussed the methods of combining the lease and non-lease revenue as the service element. The discussion continued with each member sharing their own development of procedures for their own quantitative approach to implementing the standard. Some discussed that their outside auditors have requested this documentation and the documentation should include the element of transfer pricing if applicable. Some members stated that they would use the portfolio approach for accumulating the revenue and expense components rather than prepare it on a contract by contract basis. The committee decided that it would be best to have a coordinated approach of producing the quantitative and qualitative methods for implementing the standard. Coleen Grable, Ensco subcommittee chairwoman, will coordinate the collection of this information via email for future dissemination. The emails will be sent to the committee members by Holly Shock, IADC Committee coordinator. Coleen will compile this information in bullet point format with reference to the member companies for further discussion. Coleen also added that the Big Four accounting firms will be adding this discussion to their agenda for their national meeting that is scheduled for October 6, 2018.
- B. Eddie Wong, Pacific Drilling, suggested that the committee begin a new sub-committee for the development of procedures regarding IFRS (International Financial Reporting Standards). Eddie will coordinate with Holly Shock regarding an email solicitation to the committee members for participation in the new sub-committee. A future date and time will be determined and the meeting will be held at the IADC headquarters.

Agenda Item: “Application date of lessee incremental borrowing rate” – The committee discussed that the adoption date of standard would be the appropriate date to determine the interest rate to be used in the calculations.

Agenda Item: “New Matters” –

- A. The committee discussed the use of lease tracking software which the committee members were using to document all of the lease contracts executed by their firms. The

- software products discussed were Lease Query and Lease Calc.
- B. The committee discussed the subject of leased assets (as the lessee) and the appropriate accounting treatment. The fact that those leases may be considered immaterial was also discussed.
 - C. The committee briefly discussed impairment analysis of their assets.
 - D. The committee discussed the determination of the discount rate regarding their long term contracts and suggested the current borrowing rate be used.

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

Attendees:

First Name	Last Name	Company Name
Melissa	Barron	DIAMOND OFFSHORE DRILLING, INC.
Colleen	Grable	ENSCO PLC
Kristen	Nunez	ENSCO PLC
Tracy	Zhang	HELIX ENERGY SOLUTIONS GROUP
Dean C	Gant	IADC
Diana	Monaghan	NOBLE DRILLING SERVICES INC.
Derek	Stanart	NOBLE DRILLING SERVICES INC.
Edward	Wong	PACIFIC DRILLING
Kelly	Bludau	PARKER DRILLING
Asif	Minhas	PARKER DRILLING
Liza	Udilovich	PARKER DRILLING
Bruce	Sauers	PATTERSON-UTI
Kari	Moeller	PATTERSON-UTI DRILLING COMPANY
Nick	Kay	SEADRILL
Jeff	Courtright	SHELF DRILLING OFFSHORE HOLDINGS LIMITED
Mohan	Shetty	TRANSOCEAN
Theresa	Parrish	TRANSOCEAN