



Meeting Minutes
IADC Accounting Issues/Procedures Committee
26 September 2019, 10-noon, Central Time
International Association of Drilling Contractors
3657 Briarpark Drive, Ste. 200, Houston, TX 77042

Agenda Item: Next meeting & Location

The next meeting will be on December 19, 2019 at IADC from 9am to 11am central time at 3657 Briarpark, Ste 200, 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: Any Quarter Three Issues – Derek Sample, Valaris PLC, performed the duty of conducting the committee meeting on behalf of Colleen Grable, Chairwoman, Valaris PLC. None of the committee members present had comments regarding any third quarter issues affecting their companies.

Agenda Item: Impairment Risk Factors – The committee discussed the various methods that are used to analyze impairment risk factors. Some attendees stated that they use asset groups to analyze impairment risk and others stated that they analyze risk rig by rig. Some stated they use a five-year model to assess present values to determine impairment. It was stated in some cases outside professional consulting firms are used to aid in analyzing impairment risk. It was stated by all parties in attendance that no broad impairment indicators were expected to be identified for Q3-2019. Derek Sample stated that this topic should be further discussed during the December 2019, AIP Committee meeting.

Agenda Item: Credit Losses Standard – The committee briefly discussed various methods for evaluating credit losses for loans and trade receivables. The committee discussed that the evaluation can be a % of the balance of accounts receivable or evaluated on a customer by customer basis. Some attendees stated they perform the analysis on a jurisdictional basis of where the customer is based. The payment history of the customer on a five year look back period was mentioned as part of the evaluation. The committee discussed that while the contract is still in effect that revenue recognition is impacted if the contract billing is adjusted and credit losses are recognized subsequent to the contract term.

Agenda Item: Lease/Non-Lease segregation for customers – The committee discussed that some customers were requesting information regarding the bifurcation of their contracts based on the billing aspects of their contracts. The attendees stated they decline to comply with this requested mostly on the basis of not wanting to disclose profit margins and because there is no requirement to do so under US GAAP.

Agenda Item: Other matters –

1. The committee members discussed the evaluation of operating leases of offshore drilling equipment generally being short-term in nature and therefore would not impact the balance sheet. It was also discussed whether certain lease arrangements for offshore rental equipment should be further evaluated for balance sheet recognition and certain committee members discussed revisiting some of those arrangements. The vendor

Rignet was discussed and was considered not to be an operating lease due to the complexity of the service they provide to multiple customers on the rig.

2. The committee briefly discussed that various Central African countries (Chad, Cameroon and Gabon, in particular) require that their residents cannot be paid outside of those particular countries.

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

Attendance:

First Name	Last Name	Company Name
Sara	Momper	
Melissa	Barron	DIAMOND OFFSHORE DRILLING, INC.
Robert	Mackey	HELMERICH & PAYNE
Dean C	Gant	IADC
Kelly S	Bludau	PARKER DRILLING
Asif	Minhas	PARKER DRILLING
Elizaveta	Udilovich	PARKER DRILLING
Jeff	Conaway	PATTERSON-UTI
Lori	Papp	SHELF DRILLING OFFSHORE
Mohan	Shetty	TRANSOCEAN
David	Meliza	TRANSOCEAN
Derek	Sample	VALARIS PLC
Debbie	King	VANTAGE DRILLING INTERNATIONAL