



Meeting Minutes
IADC Accounting Issues/Procedures Committee
10 December 2020, 9-11 am, 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 March 25, 2021 at IADC from 9am to 11am central time at 3657 Briarpark, Ste 200, Houston, TX 77042. Depending on the Covid-19 pandemic the meeting may be a virtual meeting via Zoom.

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 Officers for 2021 - The Committee elected Melissa Baron, Diamond Offshore, as the 2021 Chairwoman and Eddie Wong, Director – Financial Reporting, Pacific Drilling, as Vice Chairman.

Agenda Item: Asset Componentization –

What level of componentization is everyone employing? What policy re: major repairs/overhauls are you currently using? If you could change anything, what would you change? The committee members discussed each company's method of componentization from a.) the rig as a single asset and b.) the major components of the rig. The committee discussed that the different components of the rig had its own depreciable life and that components were transferrable which helped to determine its component's classification.

Agenda Item: Fresh start accounting policy revisions – The committee briefly discussed the topic mostly as it affected inventory. Some stated that some inventory experienced up to 75% write-down in value. Some stated that they employed statistical obsolescence regarding valuation.

Agenda Item: Asset valuations – The committee members discussed various methods of impairment analysis regarding the valuation of the rig and its components. It was stated that the market value approach does not work in this economic environment. Some stated that they use a historical cost approach using a blended average cost of capital discount rate to evaluate the impairment value. The committee discussed the evaluation of triggers for asset impairment.

Agenda Item: Other matters – A. The committee members discussed the concept of segment and asset groups. Some of the committee members stated that the rig itself is a segment and others stated that the rig location and use defined their segments, i.e. harsh environment and deep-water environment or floaters and jack-ups.
B. Reporting new SEC information. The committee members discussed the topic of human capital resources and contractual obligations. The method of reporting was discussed, i.e. paragraph form or table presentation.

After a full discussion of the agenda topics the committee was adjourned.
For further information regarding this committee please contact Dean Gant, IADC Senior Finance Director at 713-292-1945, ext. 213.