



Meeting Minutes
IADC Accounting Issues/Procedures Committee
22 September 2011, 2-4pm
Transocean, Inc.
4 E. Greenway Plaza, Houston, TX 77046

Agenda Item: Next meeting & Location

Dean Gant, Sr. Director of Account of IADC, has offered to host the next quarter's meeting on December 14, 2011 from 2 to 4 P.M. at 10370 Richmond Ave., Ste 760, 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: "Lease Accounting Update" – Beth Gordon, Chairwoman, gave a brief history of the committee's activities regarding the topic. She stated that several comment letters were sent to the FASB, several committee members participated in roundtable discussions regarding the issue and one member gave a presentation at the FASB. The latest word on pronouncements is that the issue date would probably be in early 2015 and probable effective date would be 2016. It is anticipated that the drilling industry will be scoped out of the pronouncement for revenue accounting. It is thought that drilling contractors would not be considered lessors and the drilling contract would be considered a service contract and not a lease.

Agenda Item: "BOP Recertification Costs (Expense, Defer or Capitalize)" – The discussion began with David Meliza of Transocean bringing up the question of whether recertification costs should be capitalized and amortized over 3 to 5 years. Some stated that all training costs should be expensed as incurred. Some stated that since the training is related to the personnel directly and not the rig, the costs should be expensed as incurred. If the costs were related to the mobilization of the rig the costs could be capitalized and deferred according to the rig contract.

Agenda Item: "Key Performance Measures: Utilization, Average Dayrate, Revenue Efficiency" – David Meliza presented definitions of Key Performance Indicators (Average Daily Revenue (Dayrates), Rig Utilization and Revenue Efficiency) as disclosed by various drilling contractors. Transocean appears to be the only member using the Revenue Efficiency statistic.

Agenda Item: "PCAOB Release No. 2011-006 Concept Release on Auditor Independence and Audit Firm Rotation" – The committee discussed this concept release which invites discussion regarding auditor independence and mandated audit firm rotation. The committee discussed the costs associated with training a new audit firm and the negative impact on efficiency.

Agenda Item: "Election of New Officers" – David Meliza of Transocean was nominated and seconded by the committee as the new 2012 Chairman. David will take office effective today. Phil Rider of Sidewinder Drilling was nominated and seconded as the new Vice Chairman.

Agenda Item: "New Matters from the floor" –

A. Continued discussion took place regarding the accounting for contract mandated training costs. Some members stated that the cost would be expensed as incurred as the cost was

associated with the individual rather than with the asset. The committee also commented that the cost would be added to the capitalized mobilization costs if it was out of the ordinary and contract specific.

B. General discussion took place regarding everyone's current experience with XBRL vendors. As this is the second year of tagging of financial statement footnotes for some of the committee members, their experience was shared with first timers and vendor performance for those outsourcing the task was also shared. Vendors' response time in meeting reporting deadlines was problematic for many.

Attendance:

Name		Company Name
Beth	Gordon	Diamond Offshore Drilling Inc.
Janelle	Flores	Diamond Offshore Drilling Inc.
Dean	Gant	IADC
Pam	Thompson	RigNet, Inc.
Ben	Carter	RigNet, Inc.
Nick	Postolos	Rowan Companies
Phil	Rider	Sidewinder Drilling Inc.
David	Meliza	Transocean