



Meeting Minutes
IADC Accounting Issues/Procedures Committee
21 March 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 June 20, 2019 at IADC from 10am to noon 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: Adoption of the Lease Accounting Standard (ASC 842) – Colleen Grable, Chairwoman, EnSCO, began a discussion of implementation matters around the leasing standard. Discussion topics included audit evidence requested from audit firms related to quantitative factors in the assessment of operating lease classification, the existence of finance leases, controls, lessee bifurcation of lease and non-lease components, lessee footnote presentation and the requirements to disclose cash flows related to leases. The committee attendees stated that while no quantitative support was requested, a table of example day rates and proposed allocations supporting the operating lease position was included in the adoption memo. Further, there were no drilling contracts considered financing leases within the group in attendance. Additionally, discussion included the risks and controls implemented regarding leases with respect to the completion of the lease population as well as how the lessee entries will ultimately be recorded. The foreign currency impact on the balance sheet gross up and the impact of escalating rent payments on cash flow disclosures was also discussed. The committee decided that there no need for the Sub-Committee – Lease and Revenue Recognition any longer.

Agenda Item: Other technical accounting impacts of new standards applied in Q1 2019 –

No other technical accounting standards warranted discussions among committee members in attendance.

Agenda Item: Impairment Risks and charges – The committee briefly discussed impairment risks and no triggering events were mentioned among the group.

Agenda Item: IFRS implications of the lease standard and any other changes – The committee agreed that the Sub-Committee – IFRS is no longer necessary. The future topics regarding the application of IFRS (International Financial Reporting Standards) would be included in future agendas of the AIP Committee.

Agenda Item: “Other Matters” –

- A. The committee discussed the utilization of outside consultants and the time it took to compile and analyze existing lease contracts of each company. Many of the firms use Excel to document the contracts and calculate lease accounting entries.
- B. The committee discussed if member firms were using software products to track the existing leases in each firm. The software products mentioned were Visual Lease, LeaseQuery and LeaseCalcs.
- C. The committee discussed incentive plans with a TSR component with peer rankings and

the use of specialists to determine valuations.

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

Attendance:

First Name	Last Name	Company Name
Melissa	Barron	DIAMOND OFFSHORE DRILLING, INC.
Colleen	Grable	ENSCO PLC
Derek	Sample	ENSCO PLC
Kristen Rhea	Nunez	ENSCO PLC
Rob	Mackey	HELMERICH & PAYNE
Sara	Momper	HELMERICH & PAYNE
Dean C	Gant	IADC
Edward	Wong	PACIFIC DRILLING
Kelly S	Bludau	PARKER DRILLING
Asif	Minhas	PARKER DRILLING
Elizaveta	Udilovich	PARKER DRILLING
Debbie	King	VANTAGE DRILLING INTERNATIONAL