

Meeting Minutes
IADC Accounting Issues/Procedures Committee
21 March 2013, 2-4pm
Diamond Offshore
15415 Katy Freeway, Houston, TX 77094



Agenda Item: Next meeting date and location

David Meliza, Assistant Controller, Transocean, has offered to host the next quarterly meeting on June 20, 2013 from 2 to 5 p.m. at 4 E. Greenway Plaza, Houston, TX 77046.

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: Presentation and Continuing Education – Cybersecurity from an Oil and Gas Perspective

Scott Brooks and Byron Fletcher from Deloitte presented an hour of continuing education regarding the evolution of cyber attacks, various stealth techniques employed by cyber criminals, and state of defense on such cyber attacks. Kelly Bludau from Deloitte also attended. We discussed the increased frequency, determination and sophistication of cyber attacks. Common tools for cybercrime attacks include malware or anonymization techniques. Defense measures are becoming more difficult to develop as many cyber criminals are using encryption technology to avoid detection. Some connections are being drawn between cyber crimes and terrorism.

Agenda Item: Internal Controls Over Financial Reporting

The committee members discussed the timing of completion of internal audit testing relative to filing annual reports. Attendees noted that internal audit testing frequently is required to be performed up to the end of the reporting period in order to capture some controls that are intentionally performed late in the process. We also discussed the external audit firms' reliance on internal audit departments' work and whether changes are expected in the year ending December 31, 2013, considering recent changes established by the PCAOB.

Agenda Item: Account Reconciliation

Various committee attendees discussed the practice of performing account reconciliations. Some stated that the procedures were to complete the process monthly for all balance sheet accounts while others completed reconciliations on a quarterly basis. Some members stated that reconciliations were based on materiality, in some instances, but absence of a threshold was common. Some noted that performance of monthly reconciliations was a key control for the certification of internal controls over financial reporting.

Agenda Item: Asset Capitalization Policies

Committee members discussed various practices for establishing policies to comply with capitalization criteria. Attendees discussed criteria, including requirement for life extension and minimum capitalization amounts. The members further discussed the practice of componentized vs. composite assets.

Agenda Item: Business Continuity Plans

Attendees briefly described their preparation for confronting business interruption caused by hurricanes or other crises. Members discussed the level of preparation for remote performance of accounting and reporting duties in the event of a disaster. The committee members agreed that filing for an extension with the SEC would be in order in the event of a major disruption that interfered with meeting established deadlines.

Agenda Item: New Matters**Topic 1: Conflict minerals**

The committee members briefly discussed and agreed that, according to legal counsel, the matter was not a significant consideration for the drillers.

Topic 2: XBRL procedures

Various members discussed XBRL tagging. We discussed the various alternatives, including the use of webfilings, other vendors or internal preparation.

Topic 3: Revenue recognition

Attendees discussed accounting treatment for pre-operating revenues and trigger points indicating the commencement of operations. Some noted contracts distinguishing between mobilization dayrates and operating dayrates. Members noted that revenues earned during the pre-operating period, including mobilization, were commonly deferred. Members also noted that revenues earned during shipyards and other non-operating periods during the operating period were commonly recognized. Various members compared the audit firms' views on the topic.

The committee meeting was adjourned after full discussion of these matters.

Attendance:

Name		Company Name
Byron	Fletcher	Deloitte & Touche LLP
Scott	Brooks	Deloitte & Touche LLP
Janelle	Flores	Diamond Offshore
Beth	Gordon	Diamond Offshore
Melissa	Cogle	Ensco plc
Kristin	Wadsworth	Ensco plc
Dean	Gant	IADC
Bob	Warren	IADC
Yvette	Urteaga	Nabors Corporate Services
Katherine	Kokenes	Nabors Industries
Kristen	Alexander	Nabors Industries
Ken	Gregg	NorAm Drilling Co
Gary	Sullivan	Northern Offshore LTD
Shaun	Land	Pacific Drilling
Nick	Postolos	Rowan Companies
David	Meliza	Transocean