

**GENERAL INSTRUCTION MANUAL**G. I. No. **202.331** Approved

ISSUING ORG. ACCOUNTING POLICIES &amp; SYSTEMS DEPARTMENT

ISSUE DATE  
03-09-2010 REPLACES  
07-04-2007SUBJECT **DRILLING EQUIPMENT - SERVICE LIVES AND DEPRECIATION**APPROVAL  
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**CONTENT:** This instruction lists the estimated service lives of capitalized drilling equipment. The estimated service lives are used to apportion capital investment in drilling equipment over a period of time as depreciation. This instruction includes:

1. Definitions, Depreciation Calculations, and Accounting Procedures
2. Assignment of Accounting Plant Numbers
3. Item Rate Codes
4. Table of Item Rate Codes, Service Lives, and General Description of Drilling Equipment
5. Responsibilities

**1. DEFINITIONS, DEPRECIATION CALCULATIONS, AND ACCOUNTING PROCEDURES:**

These subjects are discussed in GI 202.330 "Capital Assets-Service Lives and Depreciation".

**2. ASSIGNMENT OF ACCOUNTING PLANT NUMBERS:**

Drilling & Workover Services Department has delegated responsibility for assignment of accounting plant numbers to drilling equipment. Prior to August 1, 2001 drilling assets generally had an Accounting Plant Number beginning with the letter "C". After August 1, 2001 all Accounting Plant Numbers have taken the form FA-nnnnnn where "FA" is a standard prefix and nnnnnn is a six digit number unique to an asset. Drilling & Workover Services Department has been assigned the block of numbers from FA-800000 through FA-849999. General guidelines regarding accounting plant numbers are contained in GI 202.305 "Accounting Plant Numbering & Preparation of Form SA 9032-1, Create Asset Master Data".

**3. ITEM RATE CODES:**

General information regarding item rate codes is contained in GI 202.304 "Plant and Equipment Item Rate Codes".

**4. TABLE OF ITEM RATE CODES, SERVICE LIVES, AND GENERAL DESCRIPTION OF DRILLING EQUIPMENT:**

<u>Item Rate Code</u>	<u>Service Life in Years</u>	<u>Drilling Equipment - General Description</u>
93	10	Bailers, Cement Dump, Dart, Cavins
93	10	Bars, Bites Cable Tool Sinker
88	5	Barrels, Core
93	10	Hole-opener, Zublin
93	10	Blocks, Travelling; Cranes
93	10	Blocks, Crown
88	5	Kelly Spinner
90	7	Brakes, Dynamatic, Hydromatic
95	15	Bumpers, Traveling Block
93	10	Swiveleye, Cable Tool

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<u>Item Rate Code</u>	<u>Service Life in Years</u>	<u>Drilling Equipment - General Description</u>
90	7	Bushings, Master, Rotary Kelly
95	15	Bushings, Casing, Rotary
93	10	Boards, Finger, Monkey, Stabbing
95	15	Circle Steel Track Cable Tools
89	6	Collars, Drill
90	7	Collars, Die, Rotary
95	15	Cutters, Casing and Drill Pipe, Section Mills
94	12	Draw-works, Rotary
95	15	Snubber, Traveling & Stationary, Otis
95	15	Elevators, Casing
94	12	Elevators, Drill Pipe
94	12	Elevators, Tubing
93	10	Electric Light Plants (complete units)
93	10	Engines, Diesel, Gasoline
95	15	Hooks, Wall, Rotary
90	7	Hose, Steel, Rotary
90	7	Guides, Spring Loaded
91	8	Heads, Cementing
94	12	Preventers, Blowout, Annular
88	5	Drilling Spools
88	5	Instruments, Testing & Analysis
94	12	Hydra Hooks
91	8	Indicators, Weight
88	5	Jars, Cable Tool Drilling
91	8	Jars, Cable Tool Fishing
89	6	Jars, Intensifiers
90	7	Jacks, Hydraulic
95	15	Jacks, Cable Tool Latch
94	12	Circulation Sub
90	7	Gas Buster
89	6	Desander/Desilter**
93	10	Rotary Tables
90	7	Mixers, Mud & Agitators
90	7	Overshot
91	8	Pumps, Hydraulic, Hand
93	10	Links, Elevator
93	10	Packers
94	12	Derricks, Mast
94	12	Pumps, Rotary, Slush
91	8	Pumps, Centrifugal
90	7	Junk Baskets & Junk Subs
95	15	Whipstocks, Dyna Drills
90	7	Reamers
88	5	Measuring Devices, Wireline
91	8	Lathes & Drill Presses
90	7	Sockets, Combination, Cable Tool
93	10	Sockets, Rope, Cable Tool

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<u>Item Rate Code</u>	<u>Service Life in Years</u>	<u>Drilling Equipment - General Description</u>
94	12	Spears, Casing, Cable Tool
93	10	Spears, Rotary
90	7	Spears, Rope, Cable Tool
93	10	Spiders & Power Slips
90	7	Stabilizer
94	12	Kelly
88	5	Stems, Cable Tool
90	7	Substitutes, Cable Tool
93	10	Swivels, Rotary, Power**
90	7	Tool, Jet Backoff & Cutter
93	10	Tester, Formation
90*	7*	Tongs, Manual
88*	5*	Tongs, Power
93	10	Tools, Pulling & Setting
90	7	Underreamers, Cable Tool
90	7	Underreamers, Rotary
91	8	Blowout Preventors (RAM) Choke Manifolds Control Panels
94	12	Wrenches, Tool & Swivel
93	10	Savers, Wireline
93	10	Scrapers, Casing
91	8	Tanks, Storage & Suction
95	15	Straighteners, Kelly & Pipe
93	10	Compressors, Air, Breathing**
93	10	Machines, Pipethreader
93	10	Heads, Circulating
93	10	Deadline Anchors
90	7	Distillation Units, Demineralizer
93	10	Motors, Electric
93	10	Shooting Units, Hoist
90	7	Clamps, Safety
90	7	Subs, Bumper
90	7	Cocks, Rotary Kelly, Inside BOP
90	7	Groovers, Pipe
90	7	Lubricators, Tool Joint
93	10	Tables, Spinning
95	15	Rollers, Casing
91	8	Accumulator
90	7	Survey Instrument, Single Shot
90	7	Wiper, Wireline
93	10	Wrenches, Impact
90	7	Dampeners, Pulsation
93	10	Trailers, Cement Loaders
96	13	Marine Craft, DAVITS
94	12	Marine Craft**
93	10	Presses, Hydraulic, Horizontal
93	10	Towers, Cooling, Mud

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<u>Item Rate Code</u>	<u>Service Life in Years</u>	<u>Drilling Equipment - General Description</u>
90	7	Mandrels, Casing, Cable Tool
93	10	Spuds, Cable Tool
93	10	Winches & Hoists
90	7	Dollies, Trailers
88	5	Bombs, Pressure
93	10	Tankers, Mud, Wheel-Mounted
88	5	Fishing Magnets
93	10	Transformers, Voltage Regulators, Consoles, Control Compartment
88	5	Alarm, Traveling Block
93	10	Hoists & Cranes
95	15	Mobile Drilling Platform
95	15	Sub-bases, Unitized, Derrick (see C68)
95	15	Sub-bases Unitized
95	15	Adapters, Elevators
95	15	Sub-bases Unitized, power Unit
94	12	Converters, Torque
91	8	Controls, Drilling
95	15	Sub-bases Unitized Mud Tank
88	5	Recorders, Drilling
95	15	Houses, Steel (Tool Rooms)
94	12	Drive Mechanisms
94	12	Drive Mechanism - Two Engine Unit
94	12	Drive Mechanism - Three Engine Unit
93	10	Substitutes, Rotary
93*	10*	Slips, Hand, Rotary
93	10	Degassers, Mud
93	10	Blowers, Bug
94	12	Trailer Aluminum Wheel Mounted
94	12	Trailers, House & Office
88	5	Air Conditioning Units, Self-contained
88	5	Gas & Electrical Appliances
93	10	Fire Extinguishers
96	10	H <sub>2</sub> S Detection Equipment
94	12	Metal Building
93	10	Drillpipe 1 1/4" O.D.
93*	10*	Pipe, 1.66" O.D.
93*	10*	Pipe, Drill, 2 3/8" O.D.
93*	10*	Pipe, Drill, 2 7/8" O.D.
93*	10*	Pipe, Drill, 3 1/2" O.D.
90	7	Pipe, Drill 4 1/2" O.D.
90	7	Pipe, Drill, 5" O.D.
90	7	Pipe, Washover, 5 3/4" O.D.
90	7	Pipe, Drill, 5 1/2" O.D.
90	7	Pipe, Drill 5 9/16" O.D.
90	7	Pipe, Drill
90*	7*	Pipe, Drill 6 5/8" O.D.

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Item Rate Code	Service Life in Years	<u>Drilling Equipment - General Description</u>
90	7	Pipe, Washover, 5 3/4" O.D.
90	7	Pipe, Washover, 7 5/8" O.D.
90	7	Pipe, Washover, 8 1/8" O.D.
90	7	Pipe, Washover, 8 5/8" O.D.
90	7	Pipe, Washover, 8 7/16" O.D.
90	7	Pipe, Washover, 9 5/8" O.D.
90	7	Pipe, Washover, 10 3/4" O.D.
90	7	Pipe, Washover, 11 3/4" O.D.
93**	10	Shaker, Shale
93**	10	Centrifuge, Mud
94**	12	Treatment Unit, Waste Water
88**	5	Catwalk,
93**	10	Roughneck, Iron
99**	15	AC VFD Drives
90**	7	Desalination, RO Unit
90**	7	Oil/Water Separator

**5. RESPONSIBILITIES**

The Materials Acquisition & Forecasting Division (MA&FD) of Drilling Technical Department is the source of the listing in Section 4. MA&FD shall review the listing on a periodic basis to identify changes and shall advise Accounting Policies & Systems Department (AP&SD) when revision of the listing is deemed necessary and provide the revised listing thereof. AP&SD shall then issue the revised instruction within a reasonable time.

Any clarification and queries with regard to Section 4 should be addressed to MA&FD which is regarded as the subject matter expert.

Note: MA&FD is to release an updated listing of Item Rate Codes, Service Lives and General Description of Drilling Equipment, as contained in Section 4, during the 1<sup>st</sup> week of August every two years.

Approved: Original Approved by ADEL Y. AL-HAWAJ

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