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Transocean Agrees to Plead Guilty to Environmental Crime and Enter Civil Settlement to Resolve U.S. Clean Water Act Penalty Claims from Deepwater Horizon Incident

Transocean to pay record \$1 billion in civil penalties and \$400 million in criminal fines

WASHINGTON – Transocean Deepwater Inc. has agreed to plead guilty to violating the Clean Water Act (CWA) and to pay a total of \$1.4 billion in civil and criminal fines and penalties, for its conduct in relation to the *Deepwater Horizon* disaster, the Department of Justice announced today. The criminal information, and a proposed partial civil consent decree to resolve the U.S. government's civil penalty claims against Transocean Deepwater Inc. and related entities were filed today in U.S. District Court in the Eastern District of Louisiana.

Transocean Deepwater Inc. has signed a cooperation and guilty plea agreement with the government, also filed today, admitting its criminal conduct. As part of the plea agreement, Transocean Deepwater Inc. has agreed, subject to the court's approval, to pay \$400 million in criminal fines and penalties and to continue its on-going cooperation in the government's criminal investigation. In addition, pursuant to the terms of a proposed partial civil consent decree also lodged with the court today, Transocean Ocean Holdings LLC, Transocean Offshore Deepwater Drilling Inc., Transocean Deepwater Inc. and Triton Asset Leasing GMBH have agreed to pay an additional \$1 billion to resolve federal Clean Water Act civil penalty claims for the massive, three-month-long oil spill at the Macondo Well and the Transocean drilling rig *Deepwater Horizon*. Under the civil settlement, the Transocean defendants also must implement court-enforceable measures to improve the operational safety and emergency

response capabilities at all their drilling rigs working in waters of the United States.

“This resolution of criminal allegations and civil claims against Transocean brings us one significant step closer to justice for the human, environmental and economic devastation wrought by the Deepwater Horizon disaster,” said Attorney General Eric Holder. “This agreement holds Transocean criminally accountable for its conduct and provides nearly a billion dollars in criminal and civil penalties for the benefit of the Gulf states. I am particularly grateful today to the many Justice Department personnel and federal investigative agency partners for the hard work that led to today’s resolution and their continuing pursuit of justice for the people of the Gulf.”

“Today’s settlement and plea agreement is an important step toward holding Transocean and those responsible for the Deepwater Horizon disaster accountable,” said Cynthia Giles, assistant administrator for the U.S. Environmental Protection Agency’s (EPA) Office of Enforcement and Compliance Assurance. “EPA will continue to work with DOJ and its federal partners to vigorously pursue the government’s claims against all responsible parties and ensure that we are taking every possible step to restore and protect the Gulf Coast ecosystem.”

“Today’s announced settlement will aid the Gulf region’s recovery from the Deepwater Horizon oil spill and require Transocean to take important steps that will help guard against such incidents happening in the future,” said Acting Associate Attorney General Tony West. “This resolution is the culmination of the tremendous efforts of many attorneys and staff in the Justice Department’s Criminal, Civil and Environment and Natural Resources Divisions – dedicated public servants whose hard work continues on behalf of the American people.”

“Transocean’s rig crew accepted the direction of BP well site leaders to proceed in the face of clear danger signs — at a tragic cost to many of them,” said Lanny A. Breuer, assistant attorney general for the Justice Department’s Criminal Division. “Transocean’s agreement to plead guilty to a federal crime, and to pay a total of \$1.4 billion in criminal and civil penalties, appropriately reflects its role in the Deepwater Horizon disaster.”

“The development and exploration of a domestic source of energy is vitally important, and it can and must be done in a responsible and sound manner. This unprecedented settlement under the Clean Water Act demonstrates that companies will be held fully accountable for their conduct and share responsibility for compliance with the laws that protect the public and the environment from harm,” said Ignacia S. Moreno, assistant attorney general for the Justice Department’s Environment and Natural Resources Division. “This settlement will provide immediate relief and benefits to the people of the five Gulf states, and requires Transocean to implement significant safety measures, as well as stringent auditing and monitoring to reduce the risk of any future disasters.”

According to court documents, on April 20, 2010, while stationed at the Macondo well site in the Gulf of Mexico, the *Deepwater Horizon* rig experienced an uncontrolled blowout and related explosions and fire, which resulted in the deaths of 11 rig workers and the largest oil spill in U.S. history. In agreeing to plead guilty, Transocean Deepwater Inc. has admitted that members of its crew onboard the *Deepwater Horizon*, acting at the direction of BP’s “Well Site Leaders” or “company men,” were negligent in failing fully to investigate clear indications that the Macondo well was not secure and that oil and gas were flowing into the well.

The criminal resolution is structured to directly benefit the Gulf region. Under the order presented to the court, \$150 million of the \$400 million criminal recovery is dedicated to

acquiring, restoring, preserving and conserving – in consultation with appropriate state and other resource managers – the marine and coastal environments, ecosystems and bird and wildlife habitat in the Gulf of Mexico and bordering states harmed by the *Deepwater Horizon* oil spill. This portion of the criminal recovery will also be directed to significant barrier island restoration and/or river diversion off the coast of Louisiana to further benefit and improve coastal wetlands affected by the oil spill. An additional \$150 million will be used to fund improved oil spill prevention and response efforts in the Gulf through research, development, education and training.

The civil settlement secures \$1 billion in civil penalties for violations of the CWA, a record amount that significantly exceeds last year's \$70 million civil penalty paid by MOEX Offshore 2007 LLC, a 10 percent partner with BP in the Macondo well venture. The unprecedented \$1 billion civil penalty is subject to the Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States Act of 2012 (Restore Act), which provides that 80 percent of the penalty will be to be used to fund projects in and for the Gulf states for the environmental and economic benefit of the region. This civil resolution reserves claims for natural resource damages and clean-up costs.

Under the civil settlement, the Transocean defendants must also observe various court-enforceable strictures in its drilling operations, aimed at reducing the chances of another blowout and discharge of oil and at improving emergency response capabilities. Examples of these requirements include certifications of maintenance and repair of blowout preventers before each new drilling job, consideration of process safety risks, and personnel training related to oil spills and responses to other emergencies. These measures apply to all rigs operated or owned by the Transocean defendants in all U.S. waters and will be in place for at least five years.

The guilty plea agreement and criminal charge announced today are part of the ongoing criminal investigation by the Deepwater Horizon Task Force into matters related to the April 2010 Gulf oil spill. The Deepwater Horizon Task Force, based in New Orleans, is supervised by Assistant Attorney General Breuer and led by Deputy Assistant Attorney General John D. Buretta, who serves as the director of the task force. The task force includes prosecutors from the Criminal Division and the Environment and Natural Resources Division of the Department of Justice; the U.S. Attorney's Office for the Eastern District of Louisiana, as well as other U.S. Attorneys' Offices; and investigating agents from the FBI, EPA, Department of the Interior, National Oceanic and Atmospheric Administration Office of Law Enforcement, U.S. Coast Guard, U.S. Fish and Wildlife Service and the Louisiana Department of Environmental Quality.

The civil resolution announced today is part of the ongoing litigation against defendants BP Exploration and Production Inc., the Transocean defendants, and Anadarko Petroleum Corporation (among others) for civil penalties, injunctive relief, and a declaration of unlimited liability for removal costs and damages under the Oil Pollution Act. The civil enforcement effort is supervised by Assistant Attorney General Moreno for the Environment and Natural Resources Division and Deputy Assistant Attorney General Brian Hauck of the Civil Division. Numerous federal agencies have contributed immeasurably to these enforcement and settlement efforts, including the EPA, the U.S. Coast Guard, the National Oceanic and Atmospheric Administration, the Department of the Interior and the Department of Agriculture.

The criminal case against Transocean is being prosecuted by Deepwater Horizon Task Force Deputy Directors Derek A. Cohen and Avi Gesser, and task force prosecutors Richard R. Pickens II, Scott M. Cullen, Colin Black and Rohan Virginkar. Numerous Environment Division

and Civil Division lawyers are pursuing the civil enforcement action, led by Steve O'Rourke and R. Michael Underhill.

An information is merely a charge and a defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt.

The proposed civil settlement is subject to a public comment period and final court approval.

More information: <http://www.epa.gov/enforcement/water/cases/transocean.html>

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