

ENFORCEMENT INFORMATION FOR NOVEMBER 26, 2013

Information concerning the civil penalties process is discussed in OFAC regulations governing the various sanctions programs and in 31 CFR part 501. On November 9, 2009, OFAC published as Appendix A to part 501 Economic Sanctions Enforcement Guidelines. See 31 CFR part 501, app. A. The Economic Sanctions Enforcement Guidelines, as well as recent final civil penalties and enforcement information, can be found on OFAC's Web site at www.treasury.gov/ofac/enforcement.

ENTITIES – 31 CFR 501.805(d)(1)(i)

Weatherford International Ltd. Settles Potential Civil Liability for Apparent Violations of Multiple Sanctions Programs: Weatherford International Ltd. and its subsidiaries and affiliates Weatherford Oil Tool Middle East Ltd., Weatherford Production Optimisation (UK) Ltd., formerly known as eProduction Solutions U.K. Ltd., eProduction Solutions, LLC, formerly known as eProduction Solutions, Inc., Precision Energy Services ULC, formerly known as Precision Energy Services Ltd., and Precision Energy Services Colombia Ltd. (collectively, “Weatherford”), have agreed to settle potential civil liability for apparent violations of the Cuban Assets Control Regulations (“CACR”), 31 C.F.R. part 515; the Iranian Transactions and Sanctions Regulations (“ITSR”),¹ 31 C.F.R. part 560; and the Sudanese Sanctions Regulations (“SSR”), 31 C.F.R. part 538, for \$91,026,450.

Weatherford's settlement with the Office of Foreign Assets Control (“OFAC”) is part of a global settlement that also includes the Department of Commerce's Bureau of Industry and Security (“BIS”), and the U.S. Attorney's Office for the Southern District of Texas (“USAO”). Simultaneous with the civil settlement agreements with OFAC and BIS, Weatherford International Ltd. has entered into a Deferred Prosecution Agreement with the USAO, and two of its subsidiaries have also entered into plea agreements with the USAO. A related Foreign Corrupt Practices Act investigation, led by the Department of Justice's Fraud Section, and a related Securities and Exchange Commission case, will be resolved at the same time as the criminal and civil sanctions and export matters.

OFAC determined that the apparent violations were egregious and not voluntarily self-disclosed. OFAC determined that: (1) between 2005 and 2008, Weatherford conducted 441 transactions totaling \$69,268,078, that provided oilfield equipment and services in which the government of Cuba and/or blocked Cuban nationals had an interest, including travel-related transactions by Weatherford employees to and from Cuba, in apparent violation of the CACR; (2) between 2003 and 2007, Weatherford conducted extensive oilfield services business in Iran, including 100 transactions totaling \$23,001,770, which involved the direct or indirect exportation of goods, technology, and/or services to Iran, and/or the facilitation of those transactions by U.S. persons, in apparent violation of the ITSR; and (3) between 2005 and 2006, Weatherford conducted oilfield

¹ On October 22, 2012, OFAC changed the heading of 31 C.F.R. part 560 from the Iranian Transactions Regulations to the Iranian Transactions and Sanctions Regulations (“ITSR”), amended the renamed ITSR, and reissued them in their entirety. See 77 Fed. Reg. 64,664 (Oct. 22, 2012). For the sake of clarity, all references herein to the ITSR shall mean the regulations in 31 C.F.R. part 560 in effect at the time of the activity, regardless of whether such activity occurred before or after the regulations were renamed.

services business in Sudan, including 45 transactions totaling \$295,846, which involved the direct or indirect exportation of goods, technology, and/or services from the United States to Sudan, in apparent violation of the SSR. The base penalty for the 586 apparent violations of the CACR, ITSR, and SSR totals \$107,089,941.

The settlement amount reflects OFAC's consideration of the following aggravating facts and circumstances, pursuant to the General Factors under OFAC's Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, app. A: Weatherford's conduct was willful; various executives and senior management in Weatherford companies knew or had reason to know of the conduct that led to the apparent violations; the apparent violations constituted a long-term pattern of conduct; the apparent violations resulted in significant harm to U.S. sanctions programs objectives; Weatherford is a large and sophisticated oilfield services company; and Weatherford's compliance program at the time of the apparent violations was substantially deficient. Mitigation was extended because Weatherford has not been the subject of prior OFAC penalties or other administrative action; Weatherford undertook significant remedial steps to ensure future compliance; and Weatherford substantially cooperated with OFAC's investigation of the apparent violations. Specifically, Weatherford retained outside counsel to conduct a comprehensive internal investigation and submitted extensive documentation and reports regarding potential sanctions violations. In addition, Weatherford agreed to toll the statute of limitations.

Weatherford's \$91,026,450 settlement with OFAC will be deemed satisfied by the \$50 million in criminal fines and monetary penalties paid by Weatherford International Ltd. and two of its subsidiaries pursuant to their agreements with the USAO, as well as the \$50 million civil penalty paid to BIS. Pursuant to the global settlement, Weatherford has also agreed to external audits of its efforts to comply with the relevant U.S. sanctions and export control laws for calendar years 2012, 2013, and 2014.

For more information regarding OFAC regulations, please go to: www.treasury.gov/ofac.