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IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF ALASKA

UNITED STATES OF AMERICA,	)	No. 3:14-cr-00114-RRB
	)	
Plaintiff,	)	
	)	<b>PLEA AGREEMENT</b>
vs.	)	
	)	
NOBLE DRILLING (U.S.) LLC,	)	
	)	
Defendant.	)	

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**Unless the parties jointly inform the Court in writing of any additional agreements, this document in its entirety contains the terms of the plea agreement between the defendant and the United States. This agreement is limited to the District of Alaska and the Environment and Natural Resource Division of the Department of Justice; it does not bind other federal, state, or local prosecuting authorities.**

**I. TERMS OF AGREEMENT, FEDERAL RULE OF CRIMINAL PROCEDURE 11, WAIVER OF CLAIM FOR ATTORNEY'S FEES AND COSTS, CORPORATE AUTHORIZATION**

**A. Terms of Agreement**

Defendant Noble Drilling (U.S.) LLC (“Noble”) agrees to plead guilty to Counts 1 through 8 of the 8-count Information in this case charging it with violations of the Act to Prevent Pollution from Ships, in violation of 33 U.S.C. § 1908(a), the Nonindigenous Aquatic Nuisance Prevention and Control Act, in violation of 16 U.S.C. § 4711(g)(2), and the Ports and Waterways Safety Act, in violation of 33 U.S.C. § 1232(b)(1). The United States of America, by and through the United States Attorney for the District of Alaska, and the Environmental Crimes Section of the United States Department of Justice (collectively referred to herein as the “United States”) agrees not to prosecute the

defendant further based upon facts now known for any other offense related to the events that resulted in the charges contained in the Information or referenced in the factual basis for this agreement.

Contingent upon the Court's acceptance of Noble's guilty pleas in the District of Alaska, the United States Attorney's Office for the Western District of Washington agrees not to prosecute the defendant for criminal offenses occurring within the Western District of Washington based upon the agreed factual statement set forth in this agreement.

The parties agree pursuant to Federal Rule of Criminal Procedure 11 (c)(1)(C) that the defendant should be sentenced to pay a fine in the amount of \$8.2 million to be paid on or prior to the date of the sentencing hearing, to make a community service payment in the amount of \$4 million to be paid on or prior to the date of the sentencing hearing, and to serve a four-year term of probation with a special condition that defendant Noble fund and implement a fleet-wide Environmental Compliance Plan ("ECP"). *See* ECP attached hereto as Exhibit A. Noble Corporation plc, the defendant's parent corporation headquartered in London, England, has agreed in a separate letter to implement an Environmental Management System ("EMS") for all

Mobile Offshore Drilling Units (MODUs) owned or operated by Noble Corporation plc and its direct and indirect subsidiaries worldwide. That EMS will be substantially similar to the EMS that will be implemented by defendant Noble pursuant to the ECP. *See* letter attached hereto as Exhibit B.

For purposes of this plea agreement, a direct subsidiary is any entity majority owned by a parent entity and an indirect subsidiary is any entity majority owned by any direct subsidiary. A MODU includes all drillships, semisubmersible rigs, jack-up rigs and mobile drill rigs of any kind.

The parties agree that the defendant may apply to the Court asking that the period of probation be modified or terminated after defendant has served at least three years of probation. The defendant also agrees not to oppose any United States recommendation to the Court for payment(s) to any witness(es) that qualify for compensation pursuant to 33 U.S.C. § 1908(a).

The defendant will waive all rights to appeal the conviction and sentence imposed under this agreement, and will waive all rights to collaterally attack the conviction and sentence, except on the grounds of

ineffective assistance of counsel or the voluntariness of the pleas, as detailed below. Nothing in this agreement shall be construed to release the defendant from possible related or consequential civil liability (including administrative sanctions) to any individual, legal entity, or the United States.

**B. Federal Rule of Criminal Procedure 11**

Unless the parties otherwise inform the Court in writing, Federal Rule of Criminal Procedure 11(c)(1)(A) and (C) will control this plea agreement. Thus, the defendant may only withdraw from this agreement or the guilty pleas if the Court rejects the plea agreement. The United States may likewise withdraw from the plea agreement if the defendant breaches the agreement or if the Court rejects the agreement.

**C. Waiver of Claim for Attorney Fees and Costs**

Because this is a negotiated resolution of the case, the parties waive any claim for the award of attorney fees and costs from the other party.

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#### **D. Business Organization**

This agreement shall bind defendant Noble, its direct and indirect subsidiaries, and any successor entities. This includes any person or entity that assumes Noble's liabilities or obligations, or takes over Noble's business operations. Defendant, or its successors-in-interest, shall provide the United States Attorney's Office for the District of Alaska and the United States Probation Office for the District of Alaska with prompt notice of any name change, business reorganization, sale or divestiture of assets, including of MODUs, or similar action that significantly impacts implementation of this plea agreement.

Defendant Noble currently owns and/or operates the following MODUs:

(1) Noble Amos Runner; (2) Noble Bob Douglas; (3) Noble Bully I; (4) Noble Danny Adkins; (5) Noble Don Taylor; (6) Noble Driller; (7) Noble Globetrotter I; (8) Noble Jim Day; (9) Noble Jim Thompson; (10) Noble Sam Croft; and (11) Noble Tom Madden. The Noble Discoverer has undergone significant repairs and modifications to address the problems experienced in Alaska in 2012 – including replacement of its main engine – and is currently controlled by a Noble affiliate outside of the United States. Noble anticipates that it will operate the Noble

Discoverer in the United States again in the future, and it will update the list above and notify the United States on a quarterly basis of all MODUs that it owns, operates, controls or charters during the term of probation.

No change in name, change in corporate or individual control, business reorganization, change in ownership, merger, change of legal status, sale or purchase of assets (including MODUs), or similar action shall alter the defendant Noble's responsibilities under this agreement. The defendant shall not engage in any action to seek to avoid the obligations and conditions set forth in this agreement.

**E. Corporate Authorization**

The defendant agrees that this plea agreement will be executed and signed by its President and that its President is a person authorized by law and by Noble to enter into this agreement and to plead guilty on behalf of the defendant. The defendant further agrees that it will provide the U.S. Attorney's Office and the Court an original written resolution signed by all of the defendant's LLC members certifying the defendant is authorized to plead guilty to the Information in this case, and to enter into and comply with all provisions of this

agreement. The resolution shall further certify that its President is authorized to sign this agreement and to take these actions and that all formalities required to authorize him to sign this agreement and enter guilty pleas have been observed.

## **II. CHARGES, ELEMENTS, FACTUAL BASIS, STATUTORY PENALTIES AND OTHER MATTERS AFFECTING SENTENCE, FORFEITURE**

### **A. Charges**

The defendant agrees to plead guilty to the following counts of the Information:

Counts 1, 2, 3, 4, and 5: Act to Prevent Pollution from Ships, violations of 33 U.S.C. § 1908(a);

Count 6: Nonindigenous Aquatic Nuisance Prevention and Control Act, a violation of 16 U.S.C. § 4711(g)(2); and

Counts 7 and 8: Ports and Waterways Safety Act, violations of 33 U.S.C. § 1232(b)(1).

### **B. Elements**

The elements of the charges to which the defendant is pleading guilty are as follows:

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**Counts 1, 2, 3, 4, 5:** Act to Prevent Pollution from Ships (“APPS”)

1. The defendant is a person;
2. Who knowingly;
3. Failed to accurately maintain an Oil Record Book or an International Oil Pollution Prevention certificate for a ship of 400 gross tons and above; and
4. While subject to APPS oil discharge regulations (i.e. while in the navigable waters or at a port or terminal of the United States).

**Count 6:** Nonindigenous Aquatic Nuisance Prevention and Control Act

1. The defendant is a person;
2. Who knowingly;
3. Failed to maintain a ballast water record book for a ship bound for a port or place in the United States and was equipped with ballast tanks that were not specifically exempted; and
4. While in the navigable waters or at a port or terminal of the United States.

**Counts 7 and 8: Ports and Waterways Safety Act**

1. The defendant was the owner, agent, master, operator, or person in charge of a vessel that was bound for or departing from a port or place in the United States;
2. While aware of a hazardous condition aboard a vessel that may adversely affect the safety of any vessel, bridge, structure, or shore area or the environmental quality of any port, harbor, and navigable waterway of the United States;
3. Knowingly and willfully failed to immediately notify the nearest U.S. Coast Guard Sector Office or U.S. Coast Guard Group Office; and
4. While in the navigable waters or at a port or terminal of the United States.

**C. Factual Basis**

The defendant admits the truth of the allegations in Counts 1 through 8 of the Information and the truth of the following statement, and the parties stipulate that the Court may rely upon this statement to support the factual basis for the guilty pleas and for the imposition of the sentence:

## 1. Background.

Defendant Noble Drilling (U.S.) LLC (Noble) was the operator and bare boat charterer of the motor vessel Noble Discoverer. The Noble Discoverer is a MODU (mobile offshore drilling unit), IMO No. 6608608, which operates under the flag of the Republic of Liberia. The Noble Discoverer was built in 1965, weighs approximately 15,296 gross tons, is 572 feet long, and is propelled by a single main engine. It was converted to a drillship in 1976 and underwent major refits in 2007 and 2010.

Noble is a limited liability company organized and existing under the laws of the State of Delaware and based in Sugar Land, Texas. Noble's ultimate parent company is Noble Corporation plc, which is headquartered in London, England and owns and operates through its subsidiaries a fleet of 35 MODUs located worldwide, including drillships, semisubmersible rigs, and jack-up rigs. The Noble Discoverer, which was under contract with Shell Offshore, Inc. and Shell Development, Ltd. for the purpose of drilling in the arctic in Alaska, was acquired as part of Noble Corporation plc's acquisition of FDR Holdings Limited ("Frontier Drilling") in July 2010.

On February 28, 2012, the Noble Discoverer departed New Zealand en route to the United States for the purpose of drilling off the coast of Alaska during the 2012 drilling season. The Noble Discoverer arrived in Seattle, Washington, on April 1, 2012, and remained there until departing for Dutch Harbor, Alaska, on June 27, 2012. The Noble Discoverer arrived in Dutch Harbor on July 7, 2012, and remained there until August 25, 2012. The Noble Discoverer then transited to the Shell leased drill site in the Chukchi Sea, and remained in that area until October 29, 2012. The Noble Discoverer then departed the drill site and arrived in Nome, Alaska on November 1, 2012. The Noble Discoverer returned to Dutch Harbor on November 7, 2012, and remained there until November 21, 2012, when it departed for Seward, Alaska, arriving on November 26, 2012.

Noble was also the drilling operator of MODU Kulluk IMO No. 802785 which included being responsible for operating the Oil Water Separator (“OWS”) and maintaining an accurate Oil Record Book (“ORB”). The Kulluk operates under the flag of the Republic of the Marshall Islands. The Kulluk is owned by Shell and is a conical-shaped vessel, weighing 27,968 gross tons, and is 265.7 feet in diameter. The

Kulluk is not self-propelled, but rather must be towed. Similar to the Noble Discoverer, the Kulluk transited from Seattle, Washington, to Dutch Harbor, Alaska, and then to a drill site in the Beaufort Sea. The Kulluk departed Vigor Shipyard in Seattle, Washington on June 27, 2012. The Kulluk arrived in Dutch Harbor, Alaska on July 14, 2012. The Kulluk departed Dutch Harbor for the drill site on August 20, 2012, and arrived at a stand-by position in the Beaufort Sea on September 11, 2012. The Kulluk left the drill site on November 8, 2012, and travelled back to Dutch Harbor, arriving on November 22, 2012.

Noble admits that it is liable for the actions of its employees and crewmembers on the Noble Discoverer and the Kulluk.

## **2. Act to Prevent Pollution from Ships Violations.**

### **A. Noble Discoverer**

Noble knowingly failed to maintain an accurate ORB as required by APPS. As discussed below, Noble knowingly made false entries and failed to record its collection, transfer, storage, and disposal of oil in the Noble Discoverer's ORB in 2012. Noble admits that it knowingly presented these false and fictitious records to the United States Coast Guard and/or had them available for inspection by the United States

Coast Guard, in violation of APPS, when the Noble Discoverer arrived in Seattle on April 1, 2012, in Dutch Harbor on July 7, 2012, in Nome on November 1, 2012, in Dutch Harbor on November 7, 2012, and when it arrived in Seward on November 26, 2012. Noble knowingly engaged in the below conduct with the intent to avoid compliance with the law and avoid detection by the U.S. Coast Guard.

### **False and Missing Entries in the Oil Record Book**

Noble knowingly made false entries in the ORB regarding the use of the OWS and knowingly failed to make entries regarding the disposal, storage, and transfers of oily water. For example, the ORB entries reflected that the Noble Discoverer's OWS was used six times to process a total of 64 cubic meters of oily bilge water from bilge holding tank 27S between March 10-28, 2012, when in truth the OWS was inoperable during this time period. In fact, the Noble Discoverer's OWS was both inoperable and operating at reduced capacities at various times during the transit from New Zealand to Seattle, and again during the transit from Seattle to Dutch Harbor. Noble did not make any entries in the ORB to indicate that the OWS was not working during these periods of time.

The ORB also reflects an entry on August 31, 2012, indicating that the OWS was run for approximately nine hours and processed 35 cubic meters of bilge water from the bilge holding tank 27S, all of which was under 3 ppm. This entry was false. At other times, such as in October and November 2012, oily water was processed through the OWS and Noble failed to record the discharges in the ORB.

Noble also failed to log numerous transfers and storage of machinery space bilge water and waste oil in the Noble Discoverer's ORB. For example, transfers of the generator room bilges to the bilge holding tank 27S were not always logged in the ORB. In addition, Noble failed to record entries in the ORB related to the skimmer tank's oily water. The skimmer tank collected runoff from the drill deck, such as mud, hydraulic oil, and other contaminants. Noble also used the skimmer tank to store deck runoff and other liquids that were contaminated with oil. Numerous transfers of oily waste from the skimmer tank to the dirty oil tank 27P were not logged in the ORB. As discussed below, Noble also transferred the contents of the skimmer tank to ballast tanks and subsequently discharged directly overboard from those ballast tanks.

Noble also failed to log in the ORB the collection, transfer, storage, and disposal of thousands of gallons of waste oil to and from totes.

Totes are portable liquid storage containers that hold approximately 300 gallons, which are used in the offshore oil exploration industry for a variety of purposes related to the transfer of fluids to and from shore or to supply vessels. The Noble Discoverer had six generators powered by diesel engines on board. Used crankcase oil was removed from the generator engines during routine maintenance and replaced with fresh oil. Noble collected that used oil in totes. Noble also used totes to store dirty oil from smaller machinery oil changes and from other sources on the Noble Discoverer. The totes loaded with used oil were then transferred to supply vessels for discharge ashore. These actions were not recorded in the ORB as required by law.

### **Non-Functioning Oil Content Meter Alarm**

Upon arrival in Seward on November 26, 2012, the Noble Discoverer's Oil Content Meter (OCM) audible alarm was nonfunctional and failed to produce an audible alarm. Noble failed to enter this information in the ORB.

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## **Failure to Record and Notify the USCG about Use of Illegal Barrel and Pump System to Discharge Directly Overboard**

Beginning at least by on or about February 28, 2012, and continuing until on or about July 7, 2012, the Noble Discoverer used a blue barrel system to collect water that had entered the vessel from the propeller shaft stern tube and to discharge it directly overboard without processing it through the required pollution prevention equipment (OWS and OCM). The Noble Discoverer's shaft seal leaked excessively, resulting in significant amounts of water entering the engine room through the shaft seal. The blue barrel system consisted of a 55-gallon plastic barrel placed at the base of the stern tube seal in the bilge along with a portable pump which transferred the water through flexible hoses from the barrel into the Noble Discoverer's decommissioned sewage system piping and then overboard without passing through any treatment system ("barrel system"). Approximately every three hours the 55 gallon barrel filled with water coming through the shaft seal. Noble used the barrel system to discharge overboard water that entered the machinery space during the time that the vessel transited from New Zealand to Seattle between February 28, 2012, and April 1, 2012. Noble dismantled the barrel system prior to the vessel's arrival in Seattle and

prior to the U.S. Coast Guard certificate of compliance inspection. Noble intentionally failed to disclose and knowingly concealed its use of the barrel system from the Coast Guard. The Coast Guard certificate of compliance inspection included a review of the bilge waste handling systems and operation of the OWS, yet Noble never brought to the attention of the inspectors their use of the barrel system. Noble reinstalled the barrel system and continued to use the barrel system to discharge overboard during the time that the vessel transited from Seattle to Dutch Harbor between June 27, 2012, and July 7, 2012. Noble did not record any of the discharges from the barrel system in the Noble Discoverer's ORB. Noble knew that its use of the barrel system and failure to record the discharges was illegal.

### **Tank Modifications and Failure to Obtain a Valid International Oil Pollution Prevention Certificate**

The Noble Discoverer's OWS was inoperable most of the time during the transit from New Zealand to Seattle. At the Vigor shipyard in Seattle, Washington, Noble replaced the OWS on the Noble Discoverer. The new OWS was presented to the Classification Society and the U.S. Coast Guard during the certificate of compliance inspection. However, Noble did not intend to use the new OWS in the

way that it was presented to the Classification Society and the U.S. Coast Guard. Shortly after the new OWS passed the inspections, Noble reconfigured the OWS system and added an entirely new “decanting” tank, which was a tank with steam heating coils designed to assist with the separation of oil and water for fluids processed through the OWS. Noble made the decanting tank modifications without informing the U.S. Coast Guard or the Classification Society as the Noble Discoverer was transiting from Seattle to Dutch Harbor between June 27, 2012, and July 7, 2012. Noble installed fixed piping to connect the bilge water holding tank to feed into the decanting tank and made additional fixed piping connections from the boiler system to circulate steam through heating coils within the decanting tank and thereby heat the contents of the decanting tank prior to being processed through the OWS. While Noble was making those modifications and reconfiguring the OWS system, the OWS was inoperable, which Noble failed to record in the ORB. Noble did not receive an International Oil Pollution Prevention certificate that documented the unapproved decanting system, the increased storage, or the new OWS piping arrangement. Nor did Noble update the OWS system drawings or record the modifications in the

ORB. Noble never notified the U.S. Coast Guard, Classification Society, or flag state that it intended to modify the OWS system or that it had made modifications to the OWS system.

Noble admits that the facts described above support convictions for knowingly violating the Act to Prevent Pollution from Ships.

### **B. Kulluk**

Noble knowingly failed to maintain an accurate ORB for the MODU Kulluk as required by APPS. Noble admits that it had a false ORB for the Kulluk when it arrived in Dutch Harbor on November 22, 2012.

In 2012, the Kulluk transited from Seattle to Dutch Harbor and then to the Beaufort Sea for drilling operations before returning to Dutch Harbor on November 22, 2012. During the drilling operations, the Kulluk was operating under a valid National Pollutant Discharge Elimination System permit, but Noble was required to monitor and record the operation of its OWS and the transfer and disposal of waste oil in an ORB when it was not at the drill site. Noble recorded information in the ORB related to bringing engine lubrication oil aboard the Kulluk, but it did not record OWS operations, including discharges

on August 25, 2012, September 10, 2012, and September 23, 2012, in the ORB. Noble also failed to record in the ORB the transfer and disposal of waste oil.

Noble admits that the facts described above support a conviction for knowingly violating APPS.

### **3. Nonindigenous Aquatic Nuisance Prevention and Control Act Violations.**

Noble knowingly failed to maintain accurate ballast records as required by the Nonindigenous Aquatic Nuisance Prevention and Control Act. Noble admits violations of the Nonindigenous Aquatic Nuisance Prevention and Control Act for the Noble Discoverer's arrival in Nome on November 1, 2012; arrival in Dutch Harbor on November 7, 2012; and arrival in Seward on November 26, 2012.

On numerous occasions between August and November 2012, Noble pumped deck water with a sheen and oily skimmer tank fluids into several ballast tanks including the 7 Port, 10 Port, 10 Starboard, 11 Port and 11 Starboard tanks. By design, water ballast tanks should only contain uncontaminated seawater. Noble failed to adequately plan for, and anticipate, the actual amount of skimmer tank accrual and therefore decided to put the contaminated water into the ballast tanks

instead of properly discharging the water through the OWS or ashore. Noble only recorded one of these transfers in its ballast log. The other transfers were not recorded in the ballast log.

During the first few days of November 2012, between Nome and Dutch Harbor, Noble discharged ballast water from the 7 Port, 10 Starboard, and 11 Port ballast tanks, which had previously been storing deck water with a sheen and oily skimmer tank fluids. Noble maintains that it inspected the tanks and confirmed that there was no sheen on the water inside them before discharging them.

Information regarding the oily skimmer tank transfers to ballast tanks, oily deck water transfers to ballast tanks, and subsequent discharges of ballast tanks was noted some of the time in different locations. For example, some information was noted in turnover notes, rough logs, or other vessel logs. However the ballast records were inaccurate. For example, the ballast log does not reflect the transfer of the oily contents of the skimmer tank to the 11 Port ballast tank on September 3, 2012, or the subsequent discharge to the sea of the 11 Port ballast tank on November 4, 2012. Instead, the ballast log inaccurately reflects the capacity of the 11 Port ballast tank as zero

from March 21, 2012, through December 2012.

Noble admits that the facts described above support a conviction for knowingly violating the Nonindigenous Aquatic Nuisance Prevention and Control Act.

**4. Bilge Tank Overflow into Broad Bay while at anchor at Dutch Harbor.**

Noble negligently discharged machinery space bilge water from the Noble Discoverer into Broad Bay, Unalaska, on July 22, 2012.

While anchored in Dutch Harbor, the Noble Discoverer's bilge holding tank 27S overflowed and went overboard, creating a sheen in Broad Bay.

The Noble Discoverer had significant problems managing its bilges and particularly the accumulation of water in engineering spaces. Nearly every other day in July 2012, water from the steam system overflowed into the hotwell and then into the machine shop bilge. On the night of July 21, 2012, while the Noble Discoverer was anchored at Dutch Harbor, the water overflowed the bilges and rose to a level above the deck plates in the machine shop. As a result of the large volume of bilge water in the machine shop, Noble used a high-capacity centrifugal pump to pump the bilge water from the machine shop into the 27S bilge

holding tank. In the process, Noble negligently overfilled the 27S bilge holding tank causing it to overflow. Beginning at approximately 1:40 a.m. on July 22, 2012, the Noble Discoverer spilled 3 cubic meters (792 gallons) of machinery space bilge water and oily residue from the 27S bilge holding tank into Broad Bay, Unalaska. As the tank reached its maximum holding capacity, the tank pressurized and overflowed through the overflow vent onto the main deck and overboard into the water. The ORB reflects that the content of the 27S bilge holding tank at the time period was machinery space bilge water and oily residue from the generator room, the machine shop, the main engine room, and the pump room.

#### **5. Ports & Waterways Safety Act (PWSA) Violations.**

Noble knowingly and willfully failed on several occasions in 2012 to notify the U.S. Coast Guard of hazardous conditions aboard the Noble Discoverer while the Noble Discoverer was in U.S. waters and while it was bound for and departing from ports and places within the U.S. As set forth below, there were conditions aboard the Noble Discoverer that may have adversely affected the safety of the Noble Discoverer, other vessels, and the environmental quality of ports,



harbors, and navigable waterways of the United States. Noble admits violations of PWSA for the Noble Discoverer's arrival in Seattle on April 1, 2012; arrival in Dutch Harbor on July 7, 2012; arrival in Nome on November 1, 2012; arrival in Dutch Harbor on November 7, 2012; and arrival in Seward on November 26, 2012.

During 2012, the Noble Discoverer experienced numerous problems with its main propulsion system, including its main engine and its propeller shaft, resulting in engine shut-downs, equipment failures and unsafe conditions. At times, the condition of the Noble Discoverer's main engine also created high levels of exhaust in the engine room, multiple sources of fuel and oil leaks, and backfires. Noble failed to report any of these hazardous conditions to the U.S. Coast Guard.

On February 28, 2012, the Noble Discoverer departed New Zealand for Seattle, Washington, bound for the Vigor Shipyard. Although the vessel ran its main engine most of the time, it was under a tow assist throughout the transit by a large, ocean-going tug from its departure from New Zealand to its arrival in U.S. waters near the entrance to the Straits of Juan De Fuca.

During the transit across the Pacific Ocean, Noble stopped the main engine on several occasions to repair and replace the fuel injectors. Throughout the transit, two of the six main engine cylinders were not firing properly. The main engine also automatically shut down on at least two occasions due to a low lubrication oil alarm. In total, between March 2, 2012, and March 25, 2012, the main engine was down on 10 different occasions for varying periods of time, ranging from one-half hour to 18 hours. For example, on March 16, 2012, while just outside U.S. waters near Honolulu, Hawaii, a low lubrication oil pressure alarm automatically shut down the Noble Discoverer's main engine while it was disconnected from the tow vessel which had gone into Honolulu harbor, and the Noble Discoverer drifted offshore for two and half hours. In addition to the main engine shutdowns, on March 4, 2012, the Noble Discoverer experienced a loss of steering, causing the towline of the tug to come across the bulwarks of the Noble Discoverer. Noble never reported any of the engine failures or the loss of steering to the U.S. Coast Guard.

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The Noble Discoverer arrived in Seattle on April 1, 2012. The Noble Discoverer remained in the Vigor Shipyard until departing for Dutch Harbor, Alaska, on June 27, 2012. On the transit from Seattle to Dutch Harbor, the Noble Discoverer used its main propulsion system, but was again also under a tow assist by an ocean-going tug. While the Noble Discoverer departed Seattle on June 27, 2012, it did not start its main engine until June 29, 2012, traveling as a dead ship tow for the first two days of the transit. On July 1, 2012, Noble shut down the main engine to repair the fuel injectors while the Noble Discoverer was approximately 200 miles off the coast of British Columbia. The main engine was down from 7:30 a.m. on July 1, 2012, until 11:30 p.m. on July 2, 2012. On July 6, 2012, the main engine automatically shut down as the result of a low lubrication oil alarm. Later that day, Noble shut down the main engine to repair the fuel injector pump.

In addition to the propulsion problems, the condition of the main engine resulted in significant fuel, oil, and exhaust leaks in the engine room. Diesel fuel leaked from the fuel injectors and at the connections between the high pressure fuel lines and the fuel injectors. Based on the concern for the fire hazard from leaking fuel coming in contact with

the turbocharger and the manifold, a large rolling fire extinguisher was placed at the catwalk at the top of the main engine. In addition, there was a crewmember stationed on a catwalk near the top of the engine wiping up the fuel leaks with an absorbent pad to prevent fuel from accumulating on or around hot engine surfaces in order to prevent a fire. The condition of the engine also resulted in airbox fires. The Noble Discoverer also maintained a port list in order to help prevent the leaking fuel from contacting the exhaust manifold. The structural fire protection insulation of the exhaust was oily and soaked. In addition, the cylinder heads were leaking significantly which allowed lubrication oil to leak down the side of the engine into the bilge system. Noble also disconnected the oil mist detectors because they were constantly alarming.

Throughout the voyage from Seattle to Dutch Harbor, the emergency generator was leaking fluid and anti-freeze. It was only available for a short amount of time.

Significant engine exhaust accumulated in the engine room. This was due, in part, to the fact that the exhaust stack was located near the air ventilation intake for the engine room. At times, it was necessary to

keep the emergency escape hatch open to help ventilate the area. In addition, Noble installed a makeshift exhaust fan near the exhaust vent to attempt to mitigate this condition. Crewmembers working in the engine room sometimes took turns working in different parts of the engine room so that they could get better air. In addition, some crewmembers wore respirators at times while working in the engine room. The exhaust fumes in the engine room became worse after the August 29, 2012, backfire discussed below. The backfire caused cracks in the exhaust venting in the engine room, allowing more exhaust gas to enter the engine room.

On July 7, 2012, the Noble Discoverer arrived in Dutch Harbor and maneuvered to its anchorage under its own power. Noble never reported the main engine problems, excessive fuel, oil, and exhaust leaks, or inoperability of the emergency generator to the U.S. Coast Guard.

On August 25, 2012, the Noble Discoverer departed Dutch Harbor for the drill site. The vessel proceeded under its own power, but was under a tow assist by an ocean-going tug. Around midnight on August 29, 2012, on the transit to the drill site, the Noble Discoverer's

main engine shut down due to a low lubrication oil alarm. When Noble attempted to restart the main engine, the main engine backfired. The backfire caused a crack in the bellows of the exhaust system near the stack. The main engine was down for approximately 22 hours while Noble made temporary repairs on the stack. Noble did not report the backfire and crack in the bellows, or the resulting loss of engine propulsion, to the U.S. Coast Guard.

The Noble Discoverer continued to have engine problems, with shut downs occurring on September 1, 2012, and September 18, 2012. During one of these shut-downs, Noble replaced one of the main engine cylinders. On October 29, 2012, the Noble Discoverer departed the drill site for Nome, Alaska. On the Noble Discoverer's return from the drill site to Nome and Dutch Harbor in October and November 2012, several conditions developed that were hazardous and that should have been reported to the U.S. Coast Guard. Despite the efforts of Noble to overhaul and adjust the main engine fuel injectors, several injectors were not functioning properly. The non-functioning or poorly-functioning fuel injectors caused the engine to malfunction. At various times during the transit from the drill site to Nome and Dutch Harbor,

one or more of the cylinders were not firing, or were unevenly balanced.

The Noble Discoverer was under tow assist on its voyage to Nome and Dutch Harbor by a smaller and less powerful tug than those that had previously assisted the vessel on its voyages from New Zealand to Seattle, from Seattle to Dutch Harbor, and from Dutch Harbor to the drill site. Prior to arriving in Nome on November 1, 2012, the Noble Discoverer experienced severe shaft vibration. On October 30, 2012, the Noble Discoverer's main engine was shut down for two and half hours for shaft repair. During its transit in the Bering Sea, the Noble Discoverer experienced increased shaft vibration. Bolts backed out of the coupling connecting two sections of the vessel's main propulsion shaft. If the coupling had failed, the result could have been severe damage in the engine room that could have jeopardized the safety of the vessel and the crew. While en route to Dutch Harbor, Noble welded the bolts back onto the coupling. At 7:36 a.m. on November 6, 2012, the main engine had to be shut down due to the severe shaft vibration. Because it was unsafe to run the main engine, the Noble Discoverer arrived at Dutch Harbor under a dead ship tow. The Noble Discoverer arrived in Dutch Harbor at noon on November 7, 2012. Noble did not

notify the U.S. Coast Guard of the problems with its main engine and the main propulsion shaft.

When the Noble Discoverer arrived in Dutch Harbor, the bolts that Noble had welded onto the tail shaft coupling had backed out again. Noble re-welded the bolts onto the coupling again. While the vessel was in Dutch Harbor, Noble did not notify the U.S. Coast Guard regarding the problems with the Noble Discoverer's main engine and the main propulsion shaft.

On November 16, 2012, the Noble Discoverer experienced another backfire while maneuvering to a dock in Dutch Harbor. The backfire caused further damage to the bellows near the stack, and some of the insulation coated with soot or oil residue smoldered and was extinguished by Noble. The U.S. Coast Guard responded to this incident and required Noble to repair the bellows to the satisfaction of the vessel's Classification Society before departing for Seward, Alaska. Although both the Classification Society and the U.S. Coast Guard were aboard the Noble Discoverer during that time, Noble did not inform them of the severe main propulsion vibration problems, or that they had welded the bolts on the shaft coupling to keep them from backing out



during operation.

At 2:00 p.m. on the afternoon of November 21, 2012, the Noble Discoverer departed Dutch Harbor under tow assist by a large, ocean-going tug. By about 9:00 a.m. on November 22, 2012, the main propulsion system again experienced severe vibrations, causing damage to the shaft pedestal bearing. Noble considered it unsafe to operate the main engine after this point. After securing the main engine, Noble hired a second tug to escort the tow of the vessel en route to Seward. The second tug then came alongside at 8:00 p.m. on November 23, 2012. Noble did not notify the U.S. Coast Guard that the Noble Discoverer had shut down its main engine propulsion due to the main propeller shaft vibration until about 8:30 p.m. on November 24, 2012. On November 26, 2012, the Noble Discoverer arrived in Seward, Alaska, under a dead ship tow and with several tug boats standing by to assist if needed.

After the Noble Discoverer arrived in Seward, the Coast Guard conducted a Port State Control examination of the Noble Discoverer and determined that the Noble Discoverer was not in compliance with United States laws and regulations and detained the vessel. The Coast

Guard discovered numerous violations, including but not limited to major non-conformities with the Safety Management System, lack of preventative maintenance procedures for the main engine, a non-functioning OWS system, disconnected oil mist detectors on the main engine, oil soaked structural fire protection insulation, main engine shut down, severe shaft vibration, and exhaust system backfires.

Ultimately, Noble arranged to have the Noble Discoverer placed on a heavy-lift ship to be removed from the water and carried from Seward, Alaska, to Korea. At the shipyard in Korea, Noble made numerous repairs and upgrades to the Noble Discoverer, including replacing the entire main engine.

Noble admits that the facts described above support convictions for knowingly violating the Ports and Waterways Safety Act.

#### **6. Cooperation and Acceptance of Responsibility.**

The Parties agree that since November 26, 2012, Noble has cooperated with the United States, including facilitating access to numerous employees from around the country and thousands of pages of documents. Noble promptly commenced an internal investigation and instituted new training of its employees across North America

related to MARPOL and its International Safety Management Code. Noble also enhanced existing training programs and compliance policies, and voluntarily began the implementation of a comprehensive compliance plan which will govern the conduct of its employees with respect to the safety and environmental issues raised by this investigation. Senior management of Noble met with the United States and expressed their understanding of the seriousness of the case. Noble has worked diligently to resolve this matter and has accepted responsibility for the violations set forth in this plea agreement.

**D. Statutory Penalties and Other Matters Affecting Sentence**

**1. Statutory Penalties**

The maximum statutory penalties applicable to the charges to which the defendant is pleading guilty, based on the facts to which the defendant will admit in support of the guilty pleas, are as follows:

**Counts 1, 2, 3, 4, and 5: Act to Prevent Pollution from Ships**

- 1) a maximum 5 years' probation;
- 2) a maximum \$500,000 fine, or the greater of twice the gross gain to the defendant or twice the gross loss to any person under Title 18, United States Code, Section 3571; and

3) a \$400 mandatory special assessment.

**Count 6: Nonindigenous Aquatic Nuisance Prevention and Control Act**

- 1) a maximum 5 years' probation;
- 2) a maximum \$500,000 fine, or the greater of twice the gross gain to the defendant or twice the gross loss to any person under Title 18, United States Code, Section 3571; and
- 3) a \$400 mandatory special assessment.

**Counts 7 and 8: Ports and Waterways Safety Act**

- 1) a maximum 5 years' probation;
- 2) a maximum \$500,000 fine, or the greater of twice the gross gain to the defendant or twice the gross loss to any person under Title 18, United States Code, Section 3571; and
- 3) a \$400 mandatory special assessment.

**2. Other Matters Affecting Sentence**

*a) Conditions affecting the defendant's sentence*

The following conditions may also apply and affect the defendant's sentence: 1) pursuant to 18 U.S.C. § 3612(f), unless otherwise ordered, if the Court imposes a fine of more than \$2,500, interest will be charged

on the balance not paid within 15 days after the judgment date; 2) the Court may order the defendant to pay restitution pursuant to 18 U.S.C. § 3663 and U.S.S.G. § 5E1.1.

*b) Payment of Special Assessment*

The defendant agrees to pay the entire special assessment in this case on the day the Court imposes the sentence. All payments will be by check or money order, and are to be delivered to the Clerk of Court, United States District Court, 222 W. 7th Ave. Box 4, Rm. 229, Anchorage, AK 99513-7564.

**E. Forfeiture**

There are no assets to be forfeited under this agreement.

**F. Restitution**

The parties have no agreement regarding restitution.

**G. Fine**

Under the Alternative Fines Act, the potential statutory fine for Counts One through Eight can be up to the greater of twice the gross gain to the defendant or twice the gross loss to any person under Title 18, United States Code, § 3571. The defendant agrees to pay an \$8.2 million fine that it will pay in full at the time sentence is imposed, apportioned equally among Counts 1 through 8. The defendant agrees

that the fine has been properly calculated pursuant to Title 18, United States Code, Section 3571.

The defendant further agrees that the criminal fine paid pursuant to this agreement shall not be taken or used as a deduction or credit against, or otherwise used to reduce the amount of taxes, royalties, or any other payments to the United States. In addition, since all the fine payments agreed to herein are part of the resolution of a criminal investigation, the defendant will not characterize, publicize, or refer to these payments as voluntary donations or contributions.

#### **H. Community Service Payment**

The defendant agrees to pay a \$4 million organizational community service payment pursuant to U.S.S.G. § 8B1.3 to organization(s) and in separate amounts to be designated by the United States prior to sentencing. Each organization receiving community service payment funds is responsible for ensuring that the funds are used in accordance with the following criteria: (1) the funds must be used solely in conjunction with research and projects designed to study and/or benefit the Arctic and/or the natural resources or wildlife contained therein near Alaska; (2) the funds are not to augment

resources for an activity that is required to be done by a federal agency;

(3) notice shall be provided to the government of the types of projects and/or research the funds are proposed to be used for on an annual basis; (4) the funds shall not be used for political or litigation activities; and (5) the funds shall not be used to accrue benefits to the defendant.

Each organization that receives community service payment funds shall also prepare an annual report detailing how the funds have been expended during the prior year. The annual report shall be provided to the U.S. Probation Office, the U.S. Attorney's Office for the District of Alaska, and the designated contacts with the United States Coast Guard. In addition, if the organization(s) receiving the community service payment(s) has an audit done of its books and records, a copy of the audit should be provided to the U.S. Probation Office, the U.S. Attorney's Office for the District of Alaska, and the designated contacts with the United States Coast Guard. The government may direct that a community service payment recipient hire an independent auditor to report on future and past fund expenditures.

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Because the community service payment is designated as community service by an organization, the defendant agrees that it will not seek any reduction in its tax obligations as a result of this payment. In addition, since the payment constitutes community service, the defendant will not characterize, publicize, or refer to the payment as a voluntary donation or contribution. The defendant agrees that the fine and community service will be non-dischargeable in any bankruptcy proceeding and that defendant will not seek or cause to be sought a discharge or a finding of dischargeability as to this obligation.

#### **I. Environmental Compliance Plan**

The defendant agrees to implement the Environmental Compliance Plan (“ECP”) filed in this case and made part of this plea agreement in accordance with U.S.S.G. § 8B2.1. *See* Exhibit A. The ECP and this plea agreement will apply to all MODUs that are owned, operated, chartered or technically managed by defendant Noble, and to all other MODUs that are owned, operated, chartered or technically managed by any direct or indirect subsidiaries of Noble Corporation plc while they are within the jurisdiction of the United States (such other MODUs shall be referred to as “Other U.S. MODUs”). Within the



jurisdiction of the United States shall include within the territorial sea and the United States Exclusive Economic Zone, and/or operating on submerged lands subject to the jurisdiction of the United States or a state or territory of the United States, including operations conducted on leases granted by the United State under the Outer Continental Shelf Lands Act. However, the ECP shall not apply to Noble Corporation plc MODUs that only cross through United States' waters in innocent passage from one foreign port or place to another foreign port or place or that are in layup status.

MODUs for which defendant Noble has relinquished ownership, operation or technical management (unless such MODU then qualifies as an "Other U.S. MODU") shall be excluded from the requirements of the Plea Agreement and ECP, and Noble shall provide notification to the United States in accordance with the ECP. Noble shall provide the United States Probation Office, the United States Attorney's Office for the District of Alaska, and the United States Coast Guard with an updated list of all MODUs that fall within the provisions of the Plea Agreement and ECP on a quarterly basis.

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Noble Corporation plc has voluntarily agreed to implement an EMS that is substantially similar to the EMS that will be implemented by defendant Noble pursuant to the ECP for all MODUs owned and operated by Noble Corporation plc or its direct or indirect subsidiaries worldwide. *See Exhibit B.* The voluntary EMS implemented by Noble Corporation plc outside of the United States is not a term or condition of this Plea Agreement and is not subject to the reporting and auditing requirements of the ECP.

As part of the ECP, all MODUs subject to the ECP must be audited by a Third Party Auditor (“TPA”) during each year of probation. Each audit must be conducted while the MODU is operating, or in the case of a drillship, while the vessel is underway. No later than thirty days following the change of plea hearing, defendant shall nominate two candidates for the TPA position. The United States will notify defendant in writing of which TPA is acceptable. If none of the proposed candidates are acceptable, defendant will supply an additional candidate. Qualified candidates for the TPA position must have expertise and competence in waste stream evaluation, monitoring and control technologies, with a primary emphasis on engine room and

machinery space operations. The TPA must also have experience and familiarization with the various operations that are unique to MODUs. There are additional qualifications and requirements for the TPA specified in the ECP.

Defendant Noble also agrees to pay for an Independent Auditor (IA) that will review the TPA reports during the entire period of probation. The IA will serve as an independent party who will report to the United States Probation Office, the United States Attorney's Office for the District of Alaska, and the United States Coast Guard regarding the completeness of the TPA reports and Noble's implementation and conformity with the requirements of the ECP. The IA shall review Noble's EMS to ensure it adequately addresses Noble's operations in the areas of marine safety and environmental pollution prevention. The IA shall review all TPA audit reports and the corrective actions taken to ensure compliance with the requirements of the ECP, and report on such actions to the United States Probation Office, the United States Attorney's Office for the District of Alaska, and the United States Coast Guard. The IA shall communicate deficiencies reported by the TPA to the United States Attorney's Office for the District of Alaska, United

States Probation Office for the District of Alaska and the United States Coast Guard on a timely basis, and follow up with recommended courses of action and corrective actions to remedy the deficiencies and prevent recurrence, if necessary. Noble will provide the IA with any of Noble's records that the IA needs to fulfill its obligations set forth above. The IA is not expected to attend or audit any Noble office, MODU, drill ship or facility in order to carry out the foregoing responsibilities. If the IA believes that either the TPA or Noble are not fulfilling their respective obligations under the ECP, the IA will report its concerns to the United States Probation Office, the United States Attorney's Office for the District of Alaska, the United States Coast Guard, Noble, and to counsel of record. The nomination process and selection criteria for the IA will be the same as for the TPA.

The results of all TPA audits and IA reports described herein are to be forwarded in a timely manner to the United States Probation Office, the United States Attorney's Office for the District of Alaska, the United States Coast Guard, Noble, and to counsel of record.

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### **III. ADVISORY UNITED STATES SENTENCING GUIDELINES; GUIDELINE APPLICATION AGREEMENTS; SENTENCING RECOMMENDATIONS**

#### **A. Advisory United States Sentencing Guidelines**

The Court must consult the advisory United States Sentencing Commission Guidelines [U.S.S.G.] as well as the factors set forth in 18 U.S.C. § 3553(a) when considering the sentence to impose. The U.S.S.G. do not establish the statutory maximum or minimum sentence applicable to the offenses to which the defendant is pleading guilty. The U.S.S.G. are not mandatory and the Court is not bound to impose a sentence recommended by the U.S.S.G. Environmental crimes are excluded from the fine calculation section applicable to organizations in Chapter 8 of the U.S.S.G. Accordingly, corporate fines are determined considering the factors listed in 18 U.S.C. § 3572.

#### **B. Guideline Application Agreements**

The parties have no agreements on any guideline applications unless set forth below in this section.

#### **C. Sentencing Recommendations**

The parties agree, pursuant to Federal Rule of Criminal Procedure 11(c)(1)(C), that the defendant be sentenced to pay a fine in the amount of \$8.2 million to be paid on the date of the sentencing

hearing, to make an organizational community service payment in the amount of \$4 million to be paid on the date of the sentencing hearing pursuant to U.S.S.G. § 8B1.3 and in furtherance of satisfying the sentencing principles provided for under 18 U.S.C. § 3553(a), and to serve a four-year term of probation with a special condition that Noble fund and implement the ECP as detailed herein.

The defendant and the United States agree that the Defendant will serve a minimum of three years of probation. If appropriate as determined by the Court, the period of probation may be terminated after three years, upon application by the defendant. The Defendant further agrees that except as set forth in section I(H) of the ECP, it will not move this Court nor U.S. Probation for any modification or removal of any conditions of probation. The defendant also agrees that it will not take any adverse actions against any individual based on their cooperation with the United States' investigation of this matter.

The defendant waives its right to a Pre-Sentence Report ("PSR") and requests that the Court impose immediate sentence pursuant to the terms of this Plea Agreement at the time of its arraignment on the Information and entry of plea. The United States does not object to this

procedure. However, the defendant may not withdraw from this agreement if the Court requests a PSR and sets separate court appearances.

#### **IV. WAIVER OF TRIAL, APPELLATE RIGHTS, AND COLLATERAL ATTACK RIGHTS**

##### **A. Trial Rights**

Being aware of the following, the defendant waives these trial rights:

- The right to have the charges presented to the grand jury prior to entering the guilty plea;
- The right to a speedy and public trial by jury on the factual issues establishing guilt or any fact affecting the mandatory minimum and statutory penalties, and any issue affecting any interest in any assets subject to forfeiture;
- The right to object to the composition of the grand or trial jury;
- The right to plead not guilty or to persist in that plea if it has already been made;

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- The right to be presumed innocent and not to suffer any criminal penalty unless and until the defendant’s guilt is established beyond a reasonable doubt;
- The right to be represented by counsel at trial and if necessary to have a counsel appointed at public expense to represent the defendant at trial -- the defendant is not waiving the right to have counsel continue to represent the defendant during the sentencing phase of this case;
- The right to confront and cross examine witnesses against the defendant, and the right to subpoena witnesses to appear in the defendant’s behalf;
- The right to remain silent at trial, with such silence not to be used against the defendant, and the right to testify in the defendant’s own behalf; and
- The right to contest the validity of any searches conducted on the defendant’s property or person.

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## **B. Appellate Rights**

The defendant waives the right to appeal the convictions resulting from the entry of guilty pleas to the charges set forth in this agreement. The defendant further agrees that if the Court imposes a sentence as set forth in Section I(A) above, the defendant waives without exception the right to appeal on all grounds contained in 18 U.S.C. § 3742 the sentence the Court imposes— including forfeiture (if applicable) or terms or conditions of probation (if applicable) or supervised release, and any fines or restitution to the extent agreed herein. The defendant further agrees that if it is sentenced according to the terms of this agreement, that it waives the right to appeal the fine that is above the statutory maximum because defendant agrees that the fine has been properly calculated pursuant to Title 18, United States Code, Section 3571.

## **C. Collateral Attack Rights**

The defendant agrees to waive all rights to collaterally attack the resulting convictions and/or sentence – including terms or conditions of probation (if applicable) or supervised release, and any fines or restitution – the Court imposes as agreed herein. The only exceptions to this collateral attack waiver are as follows: 1) any challenge to the conviction or sentence alleging ineffective assistance of counsel -- based

on information not now known to the defendant and which, in the exercise of reasonable diligence, could not be known by the defendant at the time the Court imposes sentence; and 2) a challenge to the voluntariness of the defendant's guilty pleas.

**D. Waiver of Indictment**

Defendant will waive the right to be charged by way of indictment before a federal grand jury.

**V. ADDITIONAL AGREEMENTS BY UNITED STATES**

In exchange for the defendant's guilty pleas and the Court's acceptance of the defendant's plea and the terms of this agreement, the United States agrees that it will not prosecute the defendant further for any other offense – now known – arising out of the subject of the investigation related to the charges brought in the Information in this case or the defendant's admissions set forth in Section II C. Provided, however, if the defendant's guilty pleas are rejected, withdrawn, vacated, reversed, or set aside, or if the defendant's sentence or conviction is vacated, reversed, set aside, or modified, at any time, in any proceeding, for any reason, the United States will be free to prosecute the defendant on all charges arising out of the investigation of

this case including any charges dismissed pursuant to the terms of this agreement, which charges will be automatically reinstated as well as for perjury and false statements.

## **VI. ADEQUACY OF THE AGREEMENT**

Pursuant to Local Criminal Rule 11.2 (d)(7) and (8), this plea agreement is appropriate in that it conforms with the sentencing goals that would otherwise be applicable to the defendant's case if the defendant had gone to trial and had been convicted on all counts in the charging instrument.

## **VII. THE DEFENDANT'S ACCEPTANCE OF THE TERMS OF THIS PLEA AGREEMENT**

I, the authorized representative for Noble Drilling (U.S.) LLC ("Noble"), the defendant, affirm this document contains all of the agreements made between Noble – with the assistance of counsel – and the United States regarding these pleas. There are no other promises, assurances, or agreements the United States has made or entered into with Noble that have affected the decision to enter any plea of guilty or to enter into this agreement. If there are any additional promises, assurances, or agreements, I and the United States will jointly inform the Court in writing before I enter the guilty pleas on behalf of Noble.

If anyone, including Noble's attorney, has done or said anything other than what is contained in this agreement, I will inform the Court when I stand before it to enter my plea. If there were, I would so inform the Court.

Noble enters into this agreement understanding and agreeing that the conditions set forth herein are obligatory and material to this agreement and that any failure on Noble's part to fulfill these obligations will constitute a material breach of this agreement. If Noble breaches this agreement, as determined by a court of competent jurisdiction, Noble agrees the United States, in its sole discretion, may withdraw from this agreement and may reinstate prosecution against Noble on any charges arising out of the investigation in this matter. If Noble's compliance with the terms of this plea agreement is in dispute, at an appropriate hearing, during which Noble agrees any of Noble's disclosures will be admissible, the Court will determine whether or not Noble has violated the terms of this agreement. Noble understands the government's burden to prove a breach will be by a preponderance of the evidence.

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As an authorized representative, I understand the Court will ask me under an oath to answer questions about the offenses to which Noble is pleading guilty and Noble's understanding of this plea agreement. I understand that I may be prosecuted if I make false statements or give false answers and may suffer other consequences set forth in this agreement.

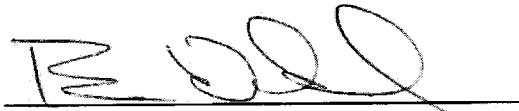
On behalf of Noble, and as an authorized representative, I have read this plea agreement carefully and understand it thoroughly. I know of no reason why the Court should find me incompetent to enter into this agreement on behalf of Noble or to enter the pleas on behalf of Noble. I enter into this agreement knowingly and voluntarily. I understand that anything that I discuss with Noble's attorney is privileged and confidential, and cannot be revealed without Noble's permission. Knowing this, I agree that this document will be filed with the Court.

Noble is fully satisfied with the representation given Noble by the attorneys for Noble and I am prepared to repeat this statement at the time I stand before the Court and enter Noble's guilty pleas. Noble's attorneys and I have discussed all possible defenses to the charges to

which Noble is pleading guilty. Noble's attorneys have investigated Noble's case and followed up on any information and issues Noble has raised to Noble's satisfaction. Noble's attorneys have taken the time to fully explain the legal and factual issues involved in this case to Noble's satisfaction. The attorneys and Noble have discussed the statutes applicable to Noble's offense and sentence as well as the possible effect the U.S.S.G. may have on Noble's sentence.

Based on Noble's complete understanding of this plea agreement, Noble therefore wishes to enter a plea of guilty to Counts 1 through 8 of the Information.


DATED: December 8, 2014

  
NOBLE DRILLING (U.S.) LLC  
Bernie G. Wolford Jr., President  
Authorized Representative of  
Defendant


As counsel for the defendant, I have discussed all plea offers and the terms of this plea agreement with the defendant, have fully explained the charges to which the defendant is pleading guilty and the necessary elements, all possible defenses, and the consequences of a guilty plea to a felony. Based on these discussions, I have no reason to doubt that the defendant is knowingly and voluntarily entering into

this agreement and entering a plea of guilty. I know of no reason to question the defendant's competency to make these decisions. If, prior to the imposition of sentence, I become aware of any reason to question the defendant's competency to enter into this plea agreement or to enter a plea of guilty, I will immediately inform the Court.

DATED: 12/8/2014

  
KESAL, YOUNG & LOGAN  
Attorney for NOBLE DRILLING  
(U.S.) LLC  
HERBERT H. RAY, JR.  
Alaska Bar No. 8811201


DATED: 12/8/2014

  
KESAL, YOUNG & LOGAN  
Attorney for NOBLE DRILLING  
(U.S.) LLC  
JOHN COX,  
Pro Hac Vice

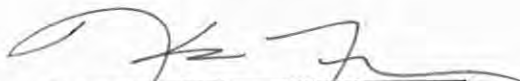
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On behalf of the United States, the following accept the defendant's offer to plead guilty under the terms of this plea agreement.

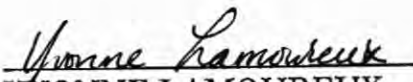
DATED: 12-8-14

  
for KAREN L. LOEFFLER  
United States of America  
United States Attorney

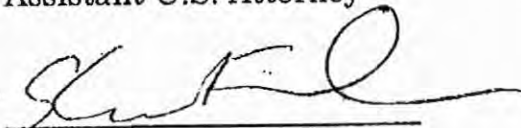
DATED: 12-8-14

  
KEVIN R. FELDIS  
United States of America  
Assistant U.S. Attorney

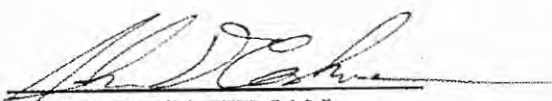
DATED: 12/8/2014

  
YVONNE LAMOUREUX  
United States of America  
Assistant U.S. Attorney

DATED: 12/8/2014

  
KENNETH E. NELSON  
Trial Attorney  
Environmental Crimes Section

DATED: 12/8/2014

  
JOHN D. CASHMAN  
United States of America  
Special Assistant U.S. Attorney



## ATTACHMENT A

### ENVIRONMENTAL COMPLIANCE PLAN

The following standards and requirements for an Environmental Compliance Plan (“ECP”) have been prepared pursuant to the Plea Agreement dated this same date between Defendant Noble Drilling (U.S.) LLC (“Noble” or “Defendant”) and the United States Attorney’s Office for the District of Alaska and the Environmental Crimes Section of the United States Department of Justice (“United States” or “the Government”) and are a condition of Defendant’s probation. Compliance with all of the terms and standards of the ECP is a requirement of the Plea Agreement. This ECP applies to Noble and any subsidiaries or assigns.

The ECP is subject to approval by the Court and the United States Probation Office for the District of Alaska.

#### I. APPLICABILITY AND PURPOSE

- A. This ECP applies to all Mobile Offshore Drilling Units (MODUs) that are owned, operated, chartered or technically managed by Noble Drilling (U.S.) LLC, and to all other MODUs that are owned, operated, chartered, or technically managed by any direct or indirect subsidiaries of Noble Corporation plc while they are within the jurisdiction of the United States (such other MODUs shall be referred to as “Other U.S. MODUs”). A “MODU” includes all drillships, semisubmersible rigs, jack-up rigs and mobile drill rigs of any kind. The phrase “within the jurisdiction of the United States” shall mean a MODU that is within the waters of the United States, including the territorial sea and the United States Exclusive Economic Zone, or operating, engaged in or preparing to engage in drilling operations on submerged lands subject to the jurisdiction of the United States or a state or territory of the United States, including operations conducted on leases granted by the United States under the Outer Continental Shelf Lands Act. However, the ECP shall not apply to Noble Corporation plc MODUs that only cross through United States’ waters in innocent passage from one foreign port or place to another foreign port or place, or MODUs in cold stack layup status. The MODUs that are owned, operated, chartered, or technically managed by Noble Drilling (U.S.) LLC as of the date of execution of this ECP are listed in **Attachment 1**, and may also include MODUs which Noble acquires or assumes operation or technical management of, as further described in **Section IX**. All MODUs listed in **Attachment 1** are subject to the requirements of this ECP. MODUs for which Noble Drilling (U.S.) LLC has relinquished ownership, operation, or technical management of (unless such MODU then qualifies as an “Other U.S. MODU”) shall be excluded from the requirements of this plan on the date Noble relinquishes such responsibilities. Notification of such relinquishment shall be made in accordance with the requirements of **Section IX**. Noble shall provide all parties with an updated list of all MODUs that fall within the provisions this plan on a quarterly basis.

- B. The ECP shall also apply to all shore side employees and crews of Noble involved in the ownership, operation, or technical management of the MODUs listed in **Attachment 1**.
- C. The purpose of the ECP is to ensure that all MODUs owned, operated, chartered, or technically managed by Noble fully comply with all applicable marine environmental protection requirements established under applicable international, flag state, port state and coastal state law, and United States laws including, but not limited to, the International Convention for Prevention of Pollution from Ships (“MARPOL”), and all applicable Federal and state statutes and regulations including, but not limited to the Ports and Waterways Safety Act (“PWSA”), the Act to Prevent Pollution from Ships (“APPS”), the Clean Water Act (“CWA”) and the Oil Pollution Act (“OPA”), hereinafter “marine environmental protection requirements”, and to the additional requirements and policies established by this plan itself. In the case of a conflict between this ECP and any of the aforementioned requirements such that the ECP is less restrictive, then the more restrictive authority shall govern. Should any MODU be operating under a MODU General Permit (“VGP”) or a National Pollutant Discharge Elimination System (“NPDES”) permit, the most restrictive requirement and obligations will apply.
- D. This ECP has been incorporated into the Plea Agreement by reference and compliance with the terms of the ECP will be a special condition of probation. Failure to comply with any part of this ECP may be a basis on which the Government may move to revoke or modify Defendant's probation.
- E. In the course of implementing this ECP, should inadequacies in the size and capabilities of MODU crews be proven as a contributing factor to their inability to manage waste streams, Noble agrees to supplement crew sizes as needed, consistent with the MODU’s lifesaving arrangements. Additional shore side resources may also be required.
- F. Noble shall take appropriate action, up to and including dismissal, against any employee who obstructs, hinders or presents false information or makes false statements during any inspection, monitoring, or auditing, or inspection function required by this ECP or to any United States authority performing an inspection or Port State Control activity.
- G. Audits, reports, and any other documents required by this ECP shall be provided pursuant to Section XIII of this agreement.
- H. Any proposed modifications to this ECP must be made in writing and signed by Noble. Modifications proposed by Noble shall be submitted to the USPO and the designated signatory of the Government to this ECP. The USPO and the designated signatory of the Government to this ECP shall have thirty business days to provide written comments on the proposed modification. If no comments are provided within the thirty-day period the modification will become effective. If the USPO or

the designated signatory of the Government objects and the parties are unable to resolve the issue, either party may file a motion before the United States District Court with responsibility to supervise probation as designated at the time of sentencing.

- I. During the probationary period, a copy of the ECP and Noble's Environmental Management System (EMS) must be kept at all times in pre-designated locations within the MODU where it can be readily accessed by senior shipboard personnel. Such locations must include the office of the Master, Offshore Installation Manager or Rig Manager, Chief Engineer, and Barge Engineer(s), as well as in the engine or machinery control room and on the bridge or equivalent MODU control room.
- J. Noble understands that representatives of the United States Coast Guard may board, audit, or inspect MODUs managed under this ECP at any time they are found within the jurisdiction of the United States subject to the provisions of innocent passage stated above.

## **II. CORPORATE STRUCTURE AND RESPONSIBILITIES**

### **A. CORPORATE COMPLIANCE MANAGER (CCM)**

- i. Within sixty (60) days after the entry of the Plea Agreement, the Defendant shall designate a senior corporate officer as the Corporate Compliance Manager or such similar designation (hereinafter "Corporate Compliance Manager" or CCM) who shall report directly to the Operational Compliance Officer. The Corporate Compliance Manager position must be filled by an individual with significant maritime operational background, who possesses the authority to ensure full implementation of this ECP, and who is thoroughly familiar with the requirements of this ECP, domestic and international maritime environmental laws and regulations. The CCM shall have no ownership of operational procedures and serves purely in an oversight/external assurance and compliance role and is duly authorized to ensure the Defendant implements and meets the requirements of this ECP. The Defendant shall provide the name of and means of communicating with the Corporate Compliance Manager to the USPO, with copies of said notification to the designated signatory of the Government.
- ii. Noble shall establish an Operational & Environmental Assurance (OEA) group that shall be led by the CCM and report directly to Noble's Operational Compliance Officer. The CCM shall:
  1. Be authorized to access all records, documents, facilities, and MODUs throughout the Defendant's organization for the purpose of implementing this ECP.

2. Be responsible for ensuring that observations and any recommendations resulting from any Third Party Auditor (“TPA”) audit under this ECP are appropriately documented, tracked, and resolved by Defendant and that such resolutions are thoroughly documented in a format that can be readily audited. This documentation shall be made available to any personnel performing audit functions under this ECP, and to the office of Probation and the Government.
  3. Be responsible for ensuring that Defendant develops and implements a tracking mechanism and ensuring that corrective action by Defendant takes place on recommendations made by the TPA, within a time frame of 30-60 days.
  4. Be responsible for ensuring the full development, implementation and documentation of Noble’s Environmental Management System (EMS). The EMS will include and address the following:
    - a. Safety & Environmental Policy.
    - b. Safety & Environmental requirements and voluntary undertakings.
    - c. Objectives and targets.
    - d. Structure, responsibility and resources.
    - e. Operational controls.
    - f. Corrective, preventative action and emergency procedures.
    - g. Incident Reporting and Investigation.
    - h. Training, awareness and competence.
    - i. Organizational decision making and planning.
    - j. Document control.
    - k. MODU Deployment & Operational Readiness; and
    - l. Continuous evaluation and improvement.
- iii. Additional details and requirements of the EMS and the responsibilities of the CCM in establishing the system are provided in **Attachments 2 and 4**.

## **B. OPERATIONAL COMPLIANCE OFFICER (OCO)**

- i. Noble shall designate an Operational Compliance Officer or such similar designation (OCO), who reports directly to the President and Managers of the LLC. The OCO shall have no ownership of operational procedures and serves purely in an oversight/external assurance and compliance role. The Operational Compliance Officer shall be authorized to access all

records, documents, facilities and MODUs throughout Noble's operational organization for the purpose of monitoring compliance with the ECP. This includes oversight of compliance with the ECP as implemented by Noble staff. The OCO shall work closely with the TPA and Independent Auditor ("IA") and will ensure that the audits performed by the TPA and the Health, Safety & Environmental ("HSE") group under this plan are carried out. The Defendant shall provide the name and means of communicating with the OCO to the USPO, with copies of said notification to the designated signatory of the Government.

- ii. The OCO is responsible for annually certifying in writing the adequacy of MODU operating budgets, including costs related to the operation, maintenance and repair of pollution prevention equipment, use of shoreside reception facilities, labor costs relating to maintenance of machinery spaces and other related costs necessary to meet the objectives of the ECP. The certification shall include representations provided by respective process and subject matter owners, and a narrative summary in the aforementioned areas and an explanation of the analysis used to determine if such budgets are adequate or not.

**C. HEALTH, SAFETY & ENVIRONMENT GROUP (HSE)**

- i. This department shall report directly to Noble's President. This department shall:
  1. Conduct internal audits of MODUs at least once a year to MODU or ISM Code requirements as applicable (incorporating safety, environmental and operational criteria);
  2. Investigate Open Reports, as directed by the head of HSE;
  3. Investigate MODU casualties and oil pollution incidents as directed by the head of HSE; and
  4. Make recommendations to the President regarding improvements to the EMS.

**D. REPORTING OF NON-COMPLIANCE BY EMPLOYEES AND CREW MEMBERS (OPEN REPORTING)**

- i. Noble shall maintain an Open Reporting System by which shore side and MODU employees may anonymously report issues of non-compliance with this ECP, the EMS, and other marine environmental protection and safety requirements via free email, or toll-free phone number. Noble must provide crew members with information about Noble's Open Reporting

System prior to each term of employment. The Open Reporting System policy shall include provisions that prohibit retaliation against those who report non-compliance and shall include a written policy that makes failure to notify regarding any violation of the EMS or other maritime environmental protection requirements grounds for discipline or dismissal. It shall be the responsibility of the OCO to maintain this system. Arrangements shall be made to ensure anonymity of such reporting when desired by the individual making the report. Noble informs its employees of the availability of this reporting system by posting notices in lounge spaces of officers and crewmembers, the engine control room, drill control room, common areas of the MODUs, as well as through company publications and organization-wide announcements issued on at least a quarterly basis.

- ii. The CCM and the OCO shall be informed of each such Open Report relating to the ECP, EMS, vessel safety, or other maritime environmental protection requirements. The OCO shall ensure that a copy of each such report containing an allegation of environmental noncompliance is provided to the TPA and IA. The Open Reporting System shall contain a report to the Fleet on a quarterly basis to demonstrate that the system is working. Such reports to the Fleet shall be generated even if no open reports have been received during the preceding quarter.
- iii. The CCM shall review, investigate, and document reports of non-compliance relating to the ECP, EMS, vessel safety, or other maritime environmental protection requirements by employees through the Open Reporting System in a timely fashion and shall initiate, monitor, and document all actions taken as a result of the reporting. The CCM shall maintain these records and make them available for review. The CCM shall develop and communicate Noble's policy that Noble will not tolerate retaliation against those who report non-compliance and will develop and communicate a policy that makes failure to notify regarding any violation of this ECP, the EMS, or other maritime environmental protection requirements grounds for discipline or dismissal.

## **E. CORPORATE ACCOUNTABILITY**

- i. The OCO shall make quarterly reports to Noble's President concerning compliance with and implementation of this ECP, the EMS, and other maritime environmental protection requirements. Annually, the OCO shall provide a summary of the reports to Noble's President and Managers. All issues of non-compliance will be communicated, along with any corrective action taken. Copies of these reports will be provided to the USPO, the TPA, the IA, designated signatory of the Government and designated representative of the United States Coast Guard.

- ii. The CCM shall ensure immediate notification to the USPO, the TPA, the IA, designated signatory of the Government and designated representative of the Coast Guard of all circumstances whereby Noble fails to fully support and finance Noble's objectives in implementing all the requirements of ECP and Noble's EMS as it pertains to equipment, system improvements, and any other requirements of this plan.
- iii. The CCM shall be responsible for developing a comprehensive budget process to ensure on an annual basis that each MODU is provided adequate funding for engineering upkeep of marine environmental protection equipment, shore side disposal of wastes, including bilge water, slops, sludge disposal, the minimization and management of waste streams, the maintenance and technical upgrades of environmental equipment and funding necessary to meet all the other requirements of this plan. Budgets shall account for bilge water, slop and sludge disposal and include a documented methodology on the determination of quantities estimated to be sent ashore and or processed by the MODU.

#### **F. FULL COMPANY-WIDE COOPERATION**

- i. Noble shall communicate to its MODU and shore staff its commitment to environmental compliance and to all terms in this ECP.
- ii. In the first quarter of every year, Senior Management of Noble shall communicate to the MODU, Drilling, and Shore staff by DVD, or the most effective manner possible, their commitment to the environment, safety and quality.
- iii. The CCM shall take all necessary steps to ensure Noble engages the full cooperation of all employees during all activities required by this ECP and EMS.
- iv. Cooperation is to be provided to all persons performing audits and inspections pursuant to this ECP, regardless of location. The CCM shall ensure that the Third Party Auditor and any other inspection, auditing, or monitoring personnel involved in the auditing of any MODU pursuant to this ECP have complete unrestricted access to all MODU areas, documentation, personnel, and material equipment. Private locations for one-on-one interviews between employees and various inspection, auditing or monitoring personnel shall be provided.
- v. The CCM shall be responsible for ensuring that each new employee, or hire, is trained that environmental policy compliance, as well as accurate and truthful record-keeping, are extremely important and that Noble will take appropriate actions for violations.

- vi. The CCM shall be responsible for developing the Training Requirements detailed in **Attachment 3**.
- vii. The CCM shall be responsible for fully implementing the Engineering Requirements established in **Section VIII** of this ECP.
- viii. The CCM shall be responsible for developing and maintaining a system to track and report each MODU's machinery space waste quantities and capacities.

### **III. MODU PERSONNEL**

#### **A. CHIEF ENGINEER AND CHIEF MATE (BARGE ENGINEER IF NO CHIEF ENGINEER DESIGNATED)**

- i. Depending upon the organizational responsibility structure aboard the MODU, Chief Engineers, Barge Engineers and Chief Mates or other designated personnel on board all MODUs subject to this ECP shall cooperate to:
  - 1. Ensure complete compliance with the Engineering Requirements established in **Section VIII** of this plan (as applicable to his/her MODU).
  - 2. Assist in the audit process to ensure complete compliance with the various requirements, policies and procedures addressed in **Section VI**.
  - 3. Measure, monitor and manage shipboard machinery space generated wastes and the conditions of any equipment having oil to sea interfaces on a daily basis.
  - 4. Timely resolve (through repairs and/or applicable EMS procedure) engine room, machinery space, drill floor, or pump room related environmental concerns, such as inoperative or ineffective pollution prevention equipment, waste handling or monitoring equipment, leakages (except those necessary for packing cooling) stemming from pump seals, packing glands or line breaks, or due to any other causes contributing to the accumulations of bilge fluids, oily mixtures and sludge type wastes.



5. Ensure that all Engine Room, Machinery Space and Drill Floor wastes that are subject to special handling requirements are properly managed.
6. Ensure that all shipboard engine room personnel have appropriate training on environmental policies and procedures, including but not limited to training on the operation and use of pollution prevention equipment, waste-water storage tanks, bilge pumps, bilge and ballast pumps, incinerator, ballast tanks, Oil Water Separator and the making of entries in the Oil Record Books, Garbage Record Book, Ballast Logs, or any other records and logs required by this ECP or other maritime environmental protection requirements.
7. Ensure that the Chief Engineer's and Chief Mate's handover notes shall include an environmental component and description of the current status of operation, maintenance, and repair, for the Incinerator, Oily Water Separator, Oil Content Meter, Oil Discharge Monitor, and other pollution prevention procedures or equipment for which they are responsible, the status of spare parts for the aforementioned equipment, and an estimation of the day-to-day bilge loads and accumulations. If a company-specified format for handover notes is used, this shall require descriptive entries as stated above, not solely answers marked as "Yes" or "No".
8. Ensure that all Ballast Logs, Deck Logs and Engine Room records, soundings and tank measurements are accurate and recorded truthfully.
9. Report to the HSE all instances of excessive waste stream development.

**B. MASTER (OFFSHORE INSTALLATION MANAGER IF NO MASTER DESIGNATED)**

- i. In addition to any other existing statutory and regulatory requirements, the Master of each Noble MODU subject to this ECP shall ensure that prompt reports are made to the United States Coast Guard of any critical equipment malfunction related to main propulsion, steering, or marine environmental protection equipment, in its 96 hour Electronic Notice of Arrival (eNOA) into a US Port or Form 2692 or in writing to the nearest Coast Guard Sector Office or Group Office as applicable. Additionally, such reports shall be copied to the United States Coast Guard Captain of the Port of the next port of call in the United States. In addition to his regular duties, the Master shall:

1. Ensure employees' compliance with the ECP, the EMS, MARPOL, Ballast Water Management and all applicable maritime pollution protection requirements, including EPA MODU General Permit (VGP) requirements in US waters. Employee compliance with such requirements will be incorporated as a positive factor in performance evaluations. Failure to comply with such requirements will be incorporated as a negative factor in performance evaluations and may lead to dismissal.
2. Maintain on board the MODU all records required by international conventions and treaties including SOLAS, the ISM Code and MARPOL and applicable State and Federal statutes and regulations and any additional documents or records required under this ECP and EMS. Records shall be maintained for the period specified by the MODU's Flag Administration. Additionally the Master will make these records available to the TPA, IA, the designated signatory of the Government, the United States Coast Guard, and the USPO upon request.
3. Ensure that every crewmember has received appropriate training pursuant to this ECP necessary to ensure compliance with this ECP, the EMS, and other maritime pollution prevention requirements and that the proper records of all training on environmental matters are maintained.
4. Maintain replacement Environmental Tags and used Environmental Tags as set forth in **Section VIII** of this agreement in a secure location aboard the MODU and shall inspect each damaged Environmental Tag number to ensure Environmental Tags having identical numbers are never used. An inventory of the unused Environmental Tags shall be a required component of the Master's handover notes.
5. Ensure the use of and review handover notes for the senior officers. The notes shall have a descriptive environmental component and include information related to the status, handling and discharge of any MODU generated wastes or slops and the operation of the Oil Water Separator ("OWS") and incinerator. The notes shall also discuss the operation condition of the main propulsion and steering machinery.

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#### **IV. SHORESIDE PERSONNEL SERVING IN ANY CAPACITY**

- A. All Noble shore side employees that are involved with any aspect of MODU operation, maintenance or repair shall be required to report in writing to the HSE any information they become aware of that indicates the MODU or crew have failed to comply with any aspect of this ECP or any other marine environmental protection requirement. Indicators of inability to comply with the requirements may include unusual or unexplained changes in the amount of filters, spare parts, cleaning supplies and lubrication oils. Information may also be gained during vessel visits, audits or inspections regardless of the focus of the inspection.
- B. Shore side engineering personnel shall develop and implement an identification system of all critical components such as pump seals, flange gaskets, etc., that require rapid replacement in order to minimize leakages and reduce waste stream development in every machinery space.
- C. Noble agrees to maintain a centralized system for managing critical equipment spare part ordering and distribution. Noble agrees to review, and, to the extent possible, harmonize its pollution prevention equipment onboard all of its MODUs to minimize fleet wide difficulties associated with the operation, maintenance, training and repair of the equipment or replacement of various components. Noble shall implement a critical spare part ordering system that ensures that spare parts for pollution prevention equipment are available on each MODU. If for any reason critical spares for pollution prevention equipment is not available onboard a MODU, Noble will have procedures in place for the expedited delivery of such spares.

#### **V. INDEPENDENT AUDITOR**

- A. As part of the Plea Agreement and ECP, the Defendant agrees to pay for an Independent Auditor (“IA”) that will be selected by the Government and appointed by the Court and report to the USPO and the Court during the entire period of probation. Within thirty days from the entry of the change of plea, the Defendant will submit a list of two qualified candidates for the IA from which the Government will select one of the candidates. In the event that the Government does not find one of the candidates qualified or if for any other reason the candidate is not acceptable to the government, or if it does not find the work of the IA satisfactory, at any time they may request the Defendant to supply additional candidates. The Government reserves the right to automatically reject a proposed IA.

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- B. The IA must have the following experience:
- i. expertise and competence in the regulatory programs under United States and international marine safety and environmental laws, including operations that are unique to MODUs, waste stream evaluation, monitoring and control technologies, with a primary emphasis on engine room and machinery space operations; and
  - ii. expertise and competence to assess whether Noble has adequate management systems in place to ensure regulatory compliance, correct non-compliance, and prevent future non-compliance; and
  - iii. demonstrated capability to evaluate Noble required effort and commitment in satisfying the requirements of this ECP and the Noble Management System, including the EMS.
- C. Noble shall ensure that the IA is provided all reports and notifications as established in this plan.
- D. The IA shall be assigned the following tasks and responsibilities and provide written submissions where appropriate to the U.S. Attorney's Office for the District of Alaska, United States Probation Office for the District of Alaska, the United States Coast Guard, and Noble as follows:
- i. Review the relationship between Noble and the TPA and evaluate the adequacy of measures taken to ensure that the TPA acts with independence.
  - ii. Submit an annual report to the USPO, Noble, designated representative of the United States Coast Guard and the designated signatory of the Government, regarding the rounds of audits conducted by the TPA pursuant to the Plea Agreement and ECP. The IA's reports shall provide a summary of the findings regarding the adequacy of the audits required by this ECP and adequacy of recommendations for change, as found necessary.
  - iii. The annual report shall also include and address any other information that the IA is aware of which pertains to Noble's capabilities to meet the objectives of this ECP or any other marine environmental protection requirements. For example, all known inadequacies of the TPA or information regarding Noble's performance (whether personnel based or related to any of its MODUs, systems, equipment, or components) shall be reported in the annual report.

- iv. If the IA receives information regarding a direct violation of any existing marine environmental protection requirement or requirement of this ECP, or a failure on Noble to act upon a recommendation of the TPA, the IA must immediately report the occurrence to the USPO and to the United States.
- v. Review the TPA reports during the entire period of probation and review Noble's EMS to ensure it adequately addresses Noble's operations in the areas of maritime safety and environmental pollution prevention. The IA shall communicate deficiencies reported by the TPA and follow up with recommended courses of action and corrective actions to remedy the deficiencies and prevent recurrence. If the IA needs additional documents to determine if Noble and the TPA have fulfilled their obligations under this ECP, such a request must be made on a reasonable basis and be limited in scope. The IA is not expected, or authorized, to have access to commercial and business related documents that are not relevant to this ECP. Noble will provide the IA with any of Noble's records that the IA needs to fulfill its obligations. The IA shall be provided full access to the TPA and Noble personnel as is necessary to perform its duties. The IA is not expected to attend or audit any Noble office, MODU, drill ship, or facility in order to carry out its responsibilities.
- vi. Provide any additional reports, in both electronic and hard copy form, to the USPO, Noble, designated representative of the Coast Guard and the designated signatory of the Government, as requested by the Court or as appropriate and to include inadequacies in the audit process, violations of the terms and conditions of the ECP and EMS, inability to access documents or information necessary to determine if obligations under this ECP are being fulfilled, as well as any other findings of significant problems or deficiencies.

## **VI. THIRD PARTY AUDITOR**

- A. As part of the ECP, the Defendant agrees to pay for a Third Party Auditor (TPA) that will be selected by the Government and report to the USPO and the Court during the entire period of probation. Within thirty days after the entry of the plea agreement Noble shall submit a list of two qualified candidate(s) for the TPA from which the Government will appoint one of the candidates. In the event that the Government does not find one of the candidates qualified or if for any other reason the candidate is not acceptable to the government, or if it does not find the work of the TPA satisfactory, at any time they may request the Defendant to supply additional candidates. The Government reserves the right to automatically reject a proposed TPA. The Government also reserves the right to require a new TPA if while on probation a defendant is found guilty or pleads to additional environmental violations. The Third Party Auditor must meet the qualifications

below, and conduct annual audits of shoreside operations and MODUs as described in **Section VI** and produce a Report of Findings. The purpose of the audit is to assess Noble's implementation of the ECP and to evaluate for the Government Noble's capability to ensure and sustain complete compliance with the requirements of this ECP and other marine environmental protection requirements.

- B. An organization that has provided auditing services to Noble within one year prior to the signing of this agreement may be considered by the Government and Court to serve as the TPA, only if the environmental audit criteria detailed in **Section VI** of this ECP are followed.
- C. The TPA shall conduct the audits described herein and issue a Report of Findings. Qualified candidates for the TPA include individuals or firms that have staff capable of applying environmental management auditing criteria, International Maritime Organization (IMO) ISM and MODU Code(s), and have the following experience: experience as a shipboard Chief, First or Second Engineer; expertise and competence in the regulatory programs under United States and other marine environmental protection requirements; experience in performing environmental audits in industrial or maritime environments; at least ten (10) years experience working on MODUs; sufficient expertise and competence to assess whether Noble has adequate policies, procedures and equipment in place to assure compliance with the ECP and to ensure regulatory compliance, correct non-compliance, and prevent future non-compliance. The TPA shall not be filled by any individual or entity associated with the Classification Societies or Flag Administrations to which Noble MODUs listed in **Attachment 1** are classed or registered.
- D. During the term of probation, the TPA shall not directly own any stock in Noble and must have no other ongoing contractual or business relationship, other than that of the TPA with Noble, unless expressly approved by the Government. The TPA must exercise independent judgment and ensure that the objectives of the Government as set forth in this ECP are met. Noble and the TPA shall disclose to the USPO and the designated signatory of the Government any new contractual relationships or proposed contractual relationships between Noble and the TPA that did not exist at the time of the signing of the Plea Agreement.
- E. The TPA shall function independently of Noble. The TPA shall not receive or request approval of any form from any employee of Noble regarding the development, clearance or evaluation of any document, report, or communication of any kind, whether draft or final required by this ECP.

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- F. The TPA must have adequate staff to perform the work required of this ECP. Due to the in-depth nature of the audit criteria, persons with specialized knowledge and experience will be required to perform the audits. The knowledge, skills and abilities of the TPA staff must align with the criteria of the audits. Experienced personnel with extensive operational, maintenance and repair of shipboard and machinery space systems, equipment, and components is a prerequisite.
- G. The TPA agrees to provide the IA full access to all necessary records, information, or personnel (including TPA auditors) associated with its responsibilities in fulfilling the requirements of this ECP.

#### H. TPA AUDITING PROCESS

- i. In an effort to fully investigate shipboard policies, training, procedures, conditions and equipment, the TPA may not share in advance to any Noble MODU its audit checklists or other materials used to perform MODU audits. Audit checklist items shall include narrative statements indicating how audit determinations were made. All identified audit checklist item deficiencies or major non-conformities shall be described in narrative detail. On receipt of filled-out checklists from the TPA, Noble will not share these checklists or any of their contents with their other MODUs. However, Noble may provide information on corrective action and lessons learned from audits to its other MODUs so that its fleet will share experience and better ensure compliance with this ECP.
- ii. The TPA shall annually audit, during the years that Noble is on probation, all MODUs subject to the ECP. The first audit of each MODU shall be completed no later than nine months after the date of the plea agreement, with the report being completed no later than twelve months after the date of the plea agreement. For subsequent audits of a single MODU, at least six months must have elapsed between each audit unless otherwise required by the TPA and IA. The audits may take place overseas and/or during coastwise voyages or when a MODU is otherwise operating. In order to achieve the objectives of this ECP, drillships shall be audited when underway so that propulsion machinery, steering gear and waste processing systems may be observed in operation. In order to achieve the objectives of this ECP, all other MODUs shall be audited while the MODU is engaged in drilling activities or otherwise operating. If a drillship will not be underway at any time for nine consecutive months, the audit may occur while moored, but the subsequent audit shall be when underway. Audits shall include a comprehensive evaluation of Noble's operations onboard MODUs. The content of the audit shall follow at a minimum the audit criteria addressed in **Section VI** of this ECP.

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- iii. If during the audits it is determined by the CCM or the Government that Noble has inadequate policies, procedures, training, and equipment in place to ensure ECP and regulatory compliance, to correct non-compliance, or to prevent non-compliance, Noble will provide all necessary funding and resources to facilitate implementation of corrective measures recommended by the CCM or the Government. Also, if during any audit a violation of existing marine environmental protection requirements is noted, the TPA shall immediately notify the CCM and IA. The CCM shall ensure that the necessary notifications occur as required by applicable international and/or United States laws and regulations. For violations of United States laws and regulations, the CCM shall ensure that the designated signatory of the Government and the designated representative of the United States Coast Guard are immediately notified.
- iv. Conflicts pertaining to the interpretation of this ECP and its requirements (including timetables) or with respect to recommendations made by the TPA to Noble as a result of an observation, noted deficiency or major non-conformity must be included in the audit report by the TPA and reported to the USPO and the Government by Noble.
- v. The TPA retains the right and is expected to notify the IA, Noble, and the Government if they believe that Noble is uncooperative or unwilling to take action on recommendations. TPA reserves the right to recommend machinery space capital improvements, equipment upgrades and replacement if such equipment is determined to be inadequate to perform its required function or unable to comply with marine environmental protection requirements. In such instances, the TPA shall include supporting documentation in conjunction with such recommendations or observations.
- vi. The TPA retains the right to perform follow-up audits for the basis of verifying actions taken on recommendations.
- vii. TPA and Noble further agree to provide to the Government its contractual agreement detailing the scope of work which will be performed, as well as resumes of TPA auditors assigned to conduct shore-side and MODU audits.
- viii. An audit report shall be produced for each MODU and shoreside facility audited pursuant to this ECP. The report shall contain detailed audit findings, including the basis for each finding and identify areas of concern. TPA audit reports shall include recommendations based on major non-conformities, non-conformities and observations identified. Noble shall take action on all recommendations made by the TPA.



Noble's action may include a written response to the non-conformity or observation with an explanation why no further action is required, which response Noble shall provide promptly to the TPA and IA. Any corrective measures taken at the time of discovery will be included in each report. Further, each report shall contain information related to the Audit's administration and identify the following:

1. Audit scope, including the time period covered by the audit.
  2. The date(s) the on-site portion of the audit was conducted.
  3. Identification of the audit team members.
  4. Days/hours spent during onboard phase of audit for each MODU.
  5. Identification of the company representatives and regulatory personnel observing the audit.
  6. The distribution list for the TPA Audit Report.
  7. Summary of the audit process, including any obstacles encountered.
  8. In the conclusion, whether a follow-up audit of the MODU or shoreside facility was recommended within a (specified) timeframe, to review corrective and preventive action taken.
- ix. All audit reports shall be submitted in electronic form to the USPO, Noble, designated representative of the Coast Guard and the designated signatory of the Government, along with the audit working papers and any correspondence related to the audits. Hard copies will be made available upon request.
- x. All audit reports shall also include narratives of any conflicts in interpretation of ECP requirements between the TPA and Noble.

## **I. IA's REPORT OF FINDINGS**

- i. At the conclusion of each annual round of audits, the IA shall develop a Report of Findings which summarizes the reviews. The Report of Findings must be completed within 60 days of completion of each annual round of Audits. The Report of Findings will incorporate information obtained from the individual Audit Reports and will provide Noble recommendations

that could improve its EMS, including recommendations to conduct follow-up audits where considered necessary.

- ii. If the IA believes it is unable to complete its Report of Findings within the 60 day period and believes that additional time is needed to analyze available information, or to gather additional information, the Defendant may request additional time as required.
- iii. Noble agrees to develop and submit within 60 days (of completion of the Report of Findings) to the USPO, the IA, designated signatory of the Government and designated representative of the Coast Guard for review and comment, in electronic form, a response to the IA report recommendations. Hard copies are to be made available upon request.
- iv. If Noble believes that it is unable to develop and submit a response within 60 days to the USPO, the IA, designated signatory of the Government and designated representative of the Coast Guard for review and comment, Noble may request additional time as required. The Government agrees to support all such reasonable requests.
- v. The USPO, the IA, designated signatory of the Government and designated representative of the Coast Guard will have 30 days to respond to Noble's response. If no response is provided, Noble may assume that its response is accepted.

## **VII. AUDITING PROCESS**

### **A. AUDITS**

- i. Audits performed by the TPA shall ascertain and evaluate all areas including their systems, equipment and components and current practices whether documented or not, the knowledge, skills, and abilities of ship and shore side personnel as they relate to the requirements of this ECP, the EMS, and maritime environmental protection requirements. Exceeding a typical SMS audit or vetting process, it is used to determine practices, procedures and equipment conditions not typically documented during a routine inspection by class society, port or flag state inspection. The results of the Initial Audits are used to shape and revise Noble's EMS.

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ii. Each audit shall:

1. As far as practicable, be performed while the MODUs are conducting drilling operations or otherwise operating, when systems are in operation and when personnel are performing their normal routines.
2. Assess all waste streams developed from any system, equipment and components found in any engine room, machinery space, drill floor, or pump room onboard the Noble MODUs. This will include observation and documentation describing the leakages apparent on every system that can contribute to bilge loading. The audit will determine the status and quantify leakages stemming from:
  - a. all pump and valve seals and glands during operation;
  - b. all piping systems, tanks, flanges, gaskets, fittings and joints;
  - c. all equipment casings such as main and auxiliary engines, reduction gears; and,
  - d. operation of engines, generators, cranes, boilers, incinerators, evaporators.
3. Assess the adequacy and performance of the OWS, Oil Content Meter (OCM), Incinerator, Sewage System and any other pollution prevention equipment to handle the quantities and types of wastes developed during normal operations. This assessment shall include an evaluation of the capacities for all tanks or containers associated with the management of sludge, bilges and oily wastes or other wastes. It shall include an evaluation of documentation tracking, maintenance and repair, modifications of all pollution prevention equipment, and notifications of equipment failure to shore side personnel.
4. Assess the adequacy and performance of the OWS and OCM. This assessment will specifically include an operational test of the system under actual operational conditions, with consideration of the manufacturer's recommendations. This test shall include one (1) hour of continuous processing of the contents of the Bilge Holding Tank without dilution, conducted in the presence of the auditor(s), Chief Engineer, and any other engine room personnel assigned responsibility for the operation and/or maintenance of the OWS. If an actual discharge is not feasible or allowed under applicable law due to the location of the MODU, then the discharge shall be through a recirculation line in accordance with procedures and systems approved by Class. Soundings of the Bilge Holding Tank shall be made before and after the test and made a

part of the audit record. All alarms shall be recorded and made a part of the audit record. All of the above shall be recorded in the Engine Room Oil Record Book. In the event that the assessment determines that the OWS is not adequate, then an immediate report shall be made to the CCM, OCO, the designated representative of the Coast Guard, USPO and the designated signatory of the Government. A copy of the engine room alarm printout and Environmental Logging System tape (if applicable) shall be retained and appended to the Oil Record Book page documenting this test.

5. Assess each MODU's crew and their ability to handle the operational, maintenance and repair workloads in maintaining all systems, equipment and components onboard in an effort to minimize waste stream development and to determine if the size of the engineering and rig maintenance crew is adequate for workloads.
6. Assess the adequacy of the EMS, procedures, current practices and equipment, including storage capabilities used to manage shipboard solid wastes generated in all areas of the MODU and the effectiveness of garbage management plans.
7. Assess the adequacy of the EMS, current practices and equipment associated with cargo wastes, drill floor, mud room, and slop management developed during all evolutions of cargo operations.
8. Assess the machinery and drilling spaces for unauthorized ways to dispose of waste.
9. Assess the adequacy of the MODU crewmembers to maintain the following records, including a complete comparative analysis of recorded values (against each other where possible) of the following records, if applicable:
  - a. Oil Record Book
  - b. NPDES/VGP required records
  - c. Engine Room Alarms
  - d. Tank sounding sheets
  - e. Ballast Logs
  - f. Personnel work records and lists
  - g. Maintenance records
  - h. Vendor service records
  - i. Bilge waste and sludge receipts
  - j. Deck Log
  - k. Garbage Record Book

- l. Oil to Sea Equipment Interface records
- m. Hazardous waste manifests
- n. Solid waste discharge receipts
- o. OCM calibration records
- p. Training records
- q. Vetting documents
- r. Inspection Documents
- s. EMS or SQE Audit documents

10. Assess the adequacy of the policy, procedures, and current practices used to store and dispose of the following, if applicable:

- a. Solvents
- b. Degreasers Cleaning wastes
- c. Batteries
- d. Paints
- e. Oily rags
- f. Fluorescent and incandescent bulbs
- g. Expired boiler and engine chemicals
- h. Used boiler and engine chemicals
- i. Galley greases
- j. Pyrotechnics
- k. Medical supplies
- l. Contaminated bunkers
- m. Used Oils and greases
- n. Incinerator ash
- o. Transformer oils
- p. Contaminated refrigerants
- q. Hazardous materials
- r. Drill mud
- s. Deck runoff (when required to be contained/monitored)
- t. Hydraulic fluids
- u. Contaminated ballast

- 11. Assess and evaluate documentation that all MODU officers understand the requirements of the EMS.
- 12. Assess the EMS and current practices and procedures associated with the Master and Chief Engineer's capability to communicate regarding issues relating to the EMS with shore side personnel including the CCM and other appropriate managers as required under the Noble Safety Management System, and review such communications.

13. Assess the frequency and adequacy, through interviews of crewmembers and review of records, of shipboard pollution prevention and environmental protection meetings and training.
14. Assess the EMS, and current practices and procedures used on MODUs and ashore to track crewmember environmental training, as well as the availability of and access to training resources on board and ashore.
15. Assess the adequacy of reference materials related to each environmental procedure required by this ECP, the EMS and the maritime environmental protection requirements.
16. Assess the adequacy of existing reporting methods to report safety and environmental concerns via a user-friendly system and evaluate the capability of a reporting individual to remain anonymous, and review processes for handling environmental concerns from crewmembers and shoreside personnel. Evaluate the adequacy of signage and instructional material relevant to use of the existing reporting methods.
17. Assess the MODU, shore-side management, and corporate response to reports of environmental or safety concerns by crewmembers and shore-side personnel. Evaluate whether the responses adequately address the concerns in a timely manner. Determine whether reporting individuals are able to remain anonymous and if not, whether negative employment actions are taken against reporting individuals.
18. Assess the EMS to ensure that MODU vendors, technicians, and other non-crewmembers are encouraged to follow Noble's requirements regarding pollution prevention, environmental protection and safety systems.
19. Assess the EMS to manage any existing Environmental Tag System tracking and valve locking program including the storage of Environmental Tags, preventing the use of duplicate Environmental Tags.
20. Assess the EMS and equipment related to Oil Transfer Procedures, including slops, bilges and sludge discharges, conditions of hoses, connections and transfer equipment, including reviews of Declarations of Inspections, and methods in place to prevent illegal discharges via the shore connections.

21. Assess the EMS and equipment used to handle emergency releases of hazardous fluids or pollutants on deck or within machinery and drill spaces of MODUs, includes a review of the Shipboard Oil Pollution Emergency Plan and including evaluation of personnel performing such duties.
22. Assess all records related to any failure of existing safety or other management systems, including a review of nonconformities and respective corrective actions.
23. Assess the EMS associated with ballast water management, invasive species requirements and handling of contaminated ballast water.
24. Assess the EMS for compliance with the MODU General Permit (VGP) under the EPA's National Pollutant Discharge Elimination System (NPDES) in US waters. When a MODU alternates between compliance under a VGP issued under NPDES and compliance with Federal Regulations for the Control of Oil Discharges and Oil Record Books, assess whether onboard practices ensure adherence without confusion amongst crewmembers.
25. Assess the availability and content of various manuals, schematics and documents required in the use of all pollution prevention equipment and activities.
26. Assess the operational condition and performance of the main propulsion engine, electrical generators, and the steering system.
27. Assess the onboard work environment to determine if hazardous or harmful conditions exist and make recommendations for improvements; for example: excess exhaust in machinery spaces;; missing safety guards/railings.
28. Assess waste stream management for Skimmer Tanks, Brine Tanks, or any other tank or system used to store, process, or discharge deck-side drilling water or deck run-off.
29. Assess compliance with reporting discharges, Marine Casualties, and "hazardous conditions" as defined in the Ports and Waterways Safety Act and regulations promulgated under that Act to the U.S. Coast Guard in a timely manner consistent with current regulations.
30. Assess compliance with the requirements for submitting an Electronic Notice of Arrival including noting machinery failure or other conditions that constituted a "hazardous condition".

## **B. DEFICIENCIES/NON-CONFORMITIES**

- i. A deficiency or non-conformity is any violation of marine environmental protection requirements and the additional requirements and policies established by this ECP. Audit reports shall identify and explain in narrative form all deficiencies noted during the audit process. If appropriate, a recommendation may be developed by the TPA or IA for each deficiency noted.

## **C. MAJOR NON-CONFORMITIES**

- i. In the context of this ECP and the work of the TPA and IA, a Major Non-Conformity is a violation of marine environmental protection requirements or requirements and policies established by this ECP that consists of or contributes to the discharge of prohibited wastes, oil or oily wastes. It may also include the discoveries whereby pollution prevention equipment is determined to be inadequate in terms of processing and monitoring capabilities, or inadequate with respect to the quantities of wastes it is required to process. The TPA shall make immediate notifications to Noble, the IA and Government when such discoveries are made. The notifications may include a recommended course of action.
- ii. The CCM shall establish a corrective action plan for all deficiencies taking into account any recommendations. Major non-conformities must be addressed immediately. For deficiencies, the plan shall, at a minimum, require corrective action within 30 days from notification. The CCM shall report annually on the status of implementation of each corrective action to Noble's Managers and President, and pursuant to Section XIII of this agreement. If corrective action is not possible within 30 days, the CCM shall report to the aforementioned pursuant to Section XIII in writing with an explanation of the need for additional time and an appropriate plan to address the deficiency as soon as reasonably possible.

## **VIII. ENGINEERING REQUIREMENTS**

- A. Unless otherwise stated, all of the Engineering Requirements set forth below shall be implemented on covered MODUs as soon as practicable, as determined by the CCM and not later than one year from the date of the signing of the plea agreement.

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## **B. ENVIRONMENTAL TAG SYSTEM**

- i. Noble shall implement an Environmental Tag System (ETS) that prevents unauthorized usage or connections within the engine room, drill, and machinery spaces. Noble shall install numbered seals to prevent the unauthorized connection to and discharge through piping systems that are or may be connected to the oily bilge system.
- ii. The ETS seals shall be non re-usable and uniquely numbered. An ETS log shall be maintained by the Master (or Offshore Installation Manager) and Chief Engineer (or Ballast Control Officer/Barge Engineer) that records each time a seal is affixed or removed, including the date, time, seal number removed, seal number affixed, personnel involved, and reason for any seal removal/replacement.
- iii. All existing seals that are found to have deteriorated or had their numbers partially/completely erased must be replaced immediately, with the reason for replacement entered in the seal log.
- iv. The Master of the MODU shall retain the replacement environmental tags under his control in a secure location. The CCM will have a master tracking document indicating which series have been supplied to each MODU.

## **C. BILGE-MAIN CROSS CONNECTIONS**

- i. Noble shall immediately notify all of its MODUs regarding the prohibition against using cross connections from engine room bilge mains to the suction piping of larger pumps which may be referred to as the “fire and general service pump” or “fire, bilge and ballast” pump. Their message shall state that the usage of these crossovers is similar to bypassing the OWS equipment and is strictly prohibited except for emergency use when directed by the Master, OIM, or Chief Engineer. Cross connections to eductor systems capable of pumping out bilge wastes will also be referenced.
- ii. The deck plates above or near the locations of these cross connections and the valves bodies and associated hand wheels shall be painted international orange. A brightly colored sign with three inch letters shall be permanently fixed nearby - “Bilge System Piping Crossover - Emergency Use Only”.

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- iii. To prevent unauthorized usage, Noble shall place ETS tags on these valves. The ETS log shall track anytime a crossover to the bilge main is opened. If the valves are remotely operated from the engine control room the associated push button must be unable to be used without breaking an Environmental Tag and a suitable sign must be posted near the associated push buttons or switches providing similar restrictive language above as to its use.

#### **D. EMERGENCY BILGE SUCTIONS**

- i. All other bilge suction valves not connected to the bilge main, and independent emergency suction valves to the MODU's engine room bilges like those which may be connected to sea water circulating pumps shall be painted brightly and labeled similarly "Emergency Bilge Suction - Emergency Use Only." Their valve wheels will also have a numbered and logged ETS tag capable of breakaway during emergency, testing, and maintenance. ETS tag numbers shall be kept in the Chief Engineer's official ETS log book and explanations given for breakage or replacement.

#### **E. BLANK FLANGES**

- i. To prevent unauthorized connections within the engine room and machinery spaces of Noble MODUs, every blank or potentially removable flange associated with any piping leading overboard, on systems such as salt water service, main engine raw water cooling, sewage discharge, steam condensate discharge or other systems, shall be permanently secured, removed or fitted with numbered ETS tags through the flange bolts that will break when the bolt is removed to prevent unauthorized connections and discharges. The ETS tags used shall be numbered and records kept in the previously mentioned log. Alternative sealing methods such as numbered foil-coated sticker seals for flanges may be considered.
- ii. The blank flange securing the bilge and sludge transfer system shore connection discharge valve at the discharge stations shall also require a numbered Environmental Tag, which will be maintained. ETS tag numbers shall be kept in the Chief Engineer's official ETS logbook.

#### **F. BILGE SAMPLING AND OWS PERFORMANCE ANALYSIS**

- i. Noble agrees that, as part of its TPA audits, the TPA shall oversee the drawing of samples from the engine room bilges, the OWS and the Bilge Holding Tank. In consultation with the TPA, Noble shall contract with a company providing sampling and analysis services. Prior to their appointment, the TPA will review and approve the sampling protocols

provided by this company, including drawing, securing, labeling, shipping and other components of the custody transfer chain. The purpose of this collection is to capture a sample that adequately represents the common fluids and contaminants that accumulate. No attempt should be made to collect a clean sample only.

- ii. The samples shall be forwarded to an appropriate lab selected by the CCM at Noble's cost for a content analysis. The analysis of these representative samples will then be provided to the TPA, IA and manufacturer of the applicable OWS found onboard Noble's MODUs.
- iii. Noble shall work cooperatively with the manufacturer to verify the equipment's capability to process fluids having this content. Noble may choose to work with the manufacturer in this verification process and also to develop ways to improve the performance of existing equipment or may explore other separation technologies capable of handling the fluid.

#### **G. ADDITIONAL OWS / OCM REQUIREMENTS**

- i. The sample line from the OWS discharge connection to the sample/flush line control valve will be painted a bright color to distinguish it from other tubing and piping in the area. The line must be routed so it is clearly visible to the extent possible for its entire length. No additional connections or tees of any kind may be added to the line unless approved by the Classification Society and included on approved vessel drawings.
- ii. The end connecting to the OWS discharge pipe may be fitted with a manual valve or petcock, or tamper proof automatic valve. The tube end fittings and the valve handle must be fitted with a numbered seal that will break if the valve is closed, removed, or if the tubing connection nut is loosened. The end nearest the sample/flush line control valve and any tubing in between the control valve and the OCM will be similarly protected to prevent any disassembly of the sensing system.
- iii. Noble shall perform testing that ensures the OCM requires a sample flow for normal operation and control. Any OCM that allows the OWS to function normally without sample flow is prohibited unless all valves from the OWS discharge to the sample / flush line control valve are removed. Noble shall ensure that every MODU's OWS is configured and capable of being fully operationally tested in port with the skin valve closed.
- iv. Noble shall perform monthly operational tests of the OWS and OCM. The test shall be logged in the MODU's Oil Record Book and a report sent to Noble. A consolidated report will be sent to the OCO and the CCM.

- v. Noble shall recalibrate the OCM at least annually. Certificate of calibrations must be retained onboard the MODU.
- vi. Noble shall clean the OWS source tank and remove any accumulated oil at least every six months. These activities will be logged in the Oil Record Book.

#### **H. RECORD KEEPING**

- i. All soundings and logs required by this ECP shall be maintained onboard the MODU for a period of three years from the date of the final entry. All Engine Room alarm printouts and records shall also be maintained on board for a period of three years from the date of generation.

#### **I. OIL RECORD BOOK ENTRIES**

- i. Entries made into the Oil Record Book shall be made by the officer in charge of the operation or the Chief Engineer. Each page shall be signed on completion at the bottom, by the MODU's Chief Engineer and Master or other authorized individual if no Chief Engineer or Master is assigned.
- ii. As a best practice, this ECP requires that the ORB be properly maintained at all times even when the MODU is operating as a fixed or floating drilling rig in compliance with a valid NPDES permit. This best practice does not eliminate nor reduce the recordkeeping requirements specified in the NPDES permit.

#### **J. TANK SOUNDING RECORD BOOK**

- i. MODU personnel shall be required to sound all waste, sludge and bilge tanks associated with bilge water, and/or oil wastes daily. The Tank Sounding Record Book shall be initialed by the person who obtained the reading. The Tank Soundings Record Book must have numbered pages and shall be maintained in the engine control room and made available during all inspections and audits required by this agreement.

#### **K. FUEL OIL/LUBE OIL PURIFIER SETTINGS AND LINE BREAKS**

- i. Noble shall have a standard system for monitoring fuel oil and lube oil management including the operation of the fuel oil and lube oil purifiers and line or piping failures. Noble shall ensure the hour meters will be installed on the related motor controllers if not currently available. Any

incident involving drill ships receiving poor quality fuel shall be noted. References to appropriate receipts shall be made.

- ii. Any extraordinary operations such as the need for frequent draining of fuel oil service and settling tanks, and engine lube oil sump tanks of excessive water, or other problems such as waxing, compatibility, stratification or contamination shall be noted, including shoot settings, and explanations provided for the handling of unburned sludge, oils, oily wastes, and used filters.
- iii. If any critical line or component on a fuel, lube, or waste oil system fails, including high pressure lines on diesel engines, or due to an operational error, a record shall be made and a notation given as to the quantity released and an explanation given as to how the unintended released fluid was handled. Additionally, any unintended releases of quantities of water, salt, fresh, or condensate, shall also be recorded. Noble will create policies and procedures for the documentation of any such occurrence.

#### **L. OIL-TO-SEA INTERFACES**

- i. Noble shall have a standard system for monitoring equipment having oil-to-sea interfaces. Such interfaces may include oil lubricated stern tubes, bow or stern thrusters, stabilizers, hydraulically operated controllable pitch propellers, and similar equipment whereby the leakage of a sealing component may cause a loss of operating medium into the surrounding waters of the MODU. Any replenishment of oil into the head tanks, operating systems reservoirs or other receivers associated with this equipment shall be logged regardless of quantity. Ingress of water or drainage of water into or from these systems must also be logged.
- ii. When known, an explanation of the loss shall be provided, along with dates and time and signature. Routine stern tube lube oil loss must be logged and reported immediately on each occasion. If any Chief Engineer or Rig Maintenance Supervisor (as applicable) fails to promptly and accurately report these conditions Noble will investigate and take appropriate action, which may include termination of employment. When known, an explanation of the loss shall be provided, along with dates and time and signature.

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## **M. BALLAST**

- i. Noble shall ensure all ballast water is segregated so as to prevent contamination with oil or other wastes. A ballast log shall be maintained and reports made according to the applicable regulations.
- ii. Procedures shall be clearly established for the handling of contaminated ballast water and/or ballast tanks to include the retention of all contaminated ballast water until it can be processed through an OWS or discharged to an approved shore side facility.

## **N. FLEET ENGINEERING SURVEY**

- i. Noble shall survey its Chief Engineers, First Engineers, and Second Engineers on its MODUs at all levels for information on how to make the OWS, OCM, associated systems and waste management processes tamper proof and for methods on reducing or handling waste accumulations within engine rooms, drill floor, machinery spaces or pump rooms within three months of the implementation of this ECP. An assessment requesting the candid opinions of the MODU's Chief Engineers, First Engineers, and Second Engineers into their ability to adequately maintain the MODU systems, equipment and components will be included. The survey will emphasize non-retaliation for open and honest opinions and reports of current non-compliant circumstances.
- ii. The CCM shall evaluate the responses and establish a plan to evaluate, test and implement viable tamper-proofing solutions, methods to reduce and handle waste accumulations, cargo slops and address the maintenance concerns suggested by the MODU engineers. A summary of the reported information and corrective actions will be provided to the TPA and IA, in conjunction with TPA audits.

## **IX. CHANGES IN OWNERSHIP, OPERATION, OR TECHNICAL MANAGEMENT OF A MODU**

- A. The Defendant agrees that it will immediately notify the USPO, TPA, IA, the designated signatory of the Government and the designated representative of the Coast Guard of any change in name, flag of registry, recognized organization, ownership, operation or class society of such covered MODUs. The Defendant shall also provide the names of any additional MODUs that, during the period of probation, come under the ownership, operation, or technical management of Noble.

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## X. ACQUIRING ADDITIONAL MODUS

- A. When additional MODUs come under the ownership, operation, or technical management of Noble they shall be subject to this ECP. Audits conducted pursuant to this section shall be done by the TPA.
- B. **New Buildings** - Noble shall perform a waste stream analysis on each class of new buildings for which it contracts, as soon as practicable. It shall ensure that there is a balance between the estimated waste stream generated and the capacity of the MODU's disposal equipment to properly dispose of the waste generated. Audits shall be performed on new builds consistent with the requirements of this ECP.
- C. **Fleet Acquisitions**
- i. For the purpose of this ECP, a "fleet" is defined as five or more MODUs.
  - ii. If Noble acquires or assumes operation or technical management of a fleet more than 6 months before the end of the probationary period, Noble must perform an audit pursuant to this ECP on all ships in the newly acquired fleet.
  - iii. If a fleet is acquired less than 6 months before the end of the probationary period, Noble must take reasonable measures to ensure as much as is practicable that each ship meets the requirements of this ECP. The Defendant shall notify the USPO, the TPA, IA, designated signatory of the Government and designated representative of the Coast Guard of any fleet acquisition.
  - iv. Noble agrees that this ECP and its requirements in its entirety shall remain in effect for all of the aforesaid MODUs regardless of changes in the MODUs' flag of registry, recognized organizations, name, or class society, so long as the MODUs are under the ownership, operation, or technical management of Noble. The Defendant shall notify the USPO, the TPA, IM, designated signatory of the Government and designated representative of the Coast Guard before any MODU is released from the requirements of the ECP due to a change in ownership, operation or technical management.

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## **XI. SELF-ENFORCEMENT**

- A. Noble further agrees that it will undertake and implement the necessary procedures to ensure that this ECP and the associated requirements in their entirety are diligently complied with by the officers and crew of each Noble MODU, as well as, by all shore side employees, managers and other employees involved with the operation, maintenance or repair of the MODUs listed. Among other efforts, Noble shall establish internal auditing procedures using the criteria established in this ECP.

## **XII. SCHEDULE**

- A. The requirements of this ECP, including the dates and periods mentioned herein, shall be complied with by Noble. Should Noble be unable to comply with any of the deadlines, Noble shall immediately notify the USPO, TPA, IM, the designated signatory of the Government and the designated representative of the Coast Guard.

## **XIII. REPORTS AND COMMUNICATIONS**

- A. For purposes of this Agreement, the “designated signatory of the Government” shall mean the undersigned representatives of the United States Attorney’s Office for the District of Alaska and the Environmental Crimes Section of the United States Department of Justice, the “USPO” shall mean the United States Probation Office for the District of Alaska, and the “designated representative of the Coast Guard” shall mean Commander, Seventeenth Coast Guard District and Commandant, Office of MODU Activities (CG-543).
- B. All reports and official communications required pursuant to this agreement shall be delivered via E-mail to the following:
  - 1) United States Attorney’s Office for the District of Alaska  
E-mail: [kevin.feldis@usdoj.gov](mailto:kevin.feldis@usdoj.gov)  
E-mail: [yvonne.lamoureux@usdoj.gov](mailto:yvonne.lamoureux@usdoj.gov)
  - 2) Environmental Crimes Section of the United States Department of Justice  
E-mail: [kenneth.nelson3@usdoj.gov](mailto:kenneth.nelson3@usdoj.gov)
  - 3) U.S. Probation Office  
E-mail: TBD
  - 4) Commander, Seventeenth Coast Guard District  
E-mail: [D17-SG-M-Jun-D17-dpi@uscg.mil](mailto:D17-SG-M-Jun-D17-dpi@uscg.mil)

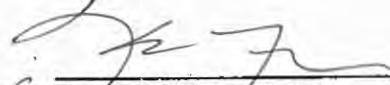


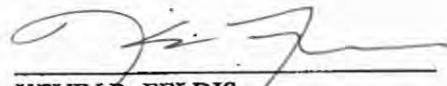
5) Commandant, Office of MODU Activities (CG-543)  
E-mail: HQS-PF-fl dr-CG-543@uscg.mil  
E-mail: USCGECP@uscg.mil

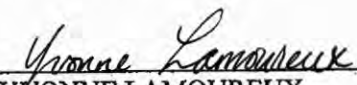
#### XIV. ACKNOWLEDGEMENT

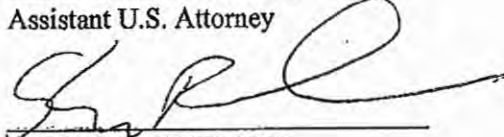
The Defendant has read this ECP carefully and understands it thoroughly. The Defendant enters into this ECP knowingly and voluntarily, and agrees to abide by its terms. By their signatures below, the corporate representatives agree that they are duly authorized by Noble's LLC Members pursuant to the same notarized legal document filed in United States v. Noble Drilling (U.S.) LLC certifying that Noble is authorized to enter into and comply with all of the provisions of this Plea Agreement.

For the United States:

DATED: 12-8-14   
for KAREN L. LOEFFLER  
United States of America  
United States Attorney

DATED: 12-8-14   
KEVIN R. FELDIS  
United States of America  
Assistant U.S. Attorney


DATED: 12/8/2014   
YVONNE LAMOUREUX  
United States of America  
Assistant U.S. Attorney

DATED: 12/8/2014   
KENNETH E. NELSON  
Trial Attorney  
Environmental Crimes Section

DATED: 12/8/2014   
JOHN D. CASHMAN  
United States of America  
Special Assistant U.S. Attorney

I have read this ECP and its attachments in their entirety, and have discussed them with the LLC members of Noble and with its attorneys. I hereby represent that I am the President of Defendant and that I am duly authorized to enter into the plea agreement, including the ECP. I hereby acknowledge that the plea agreement and the ECP fully set forth the agreement of Noble with the United States. I further state that there have been no additional promises or representations made to or for the benefit of Noble by any officials of the United States in connection with this matter.

DATED: December 8, 2014

  
NOBLE DRILLING (U.S.) LLC  
Bernie G. Wolford Jr., President  
Authorized Representative of Defendant

As counsel for the defendant, I have discussed the terms of this ECP and its attachments with the defendant. Based on these discussions, I have no reason to doubt that the defendant is knowingly and voluntarily entering into this agreement. I know of no reason to question the defendant's competency to make these decisions. If, prior to the imposition of sentence, I become aware of any reason to question the defendant's competency to enter into this plea agreement or ECP, I will immediately inform the Court.

DATED: \_\_\_\_\_

\_\_\_\_\_  
KEESAL, YOUNG & LOGAN  
Attorney for NOBLE DRILLING (U.S.) LLC  
HERBERT H. RAY, JR.

DATED: \_\_\_\_\_

\_\_\_\_\_  
KEESAL, YOUNG & LOGAN  
Attorney for NOBLE DRILLING (U.S.) LLC  
JOHN COX


I have read this ECP and its attachments in their entirety, and have discussed them with the LLC members of Noble and with its attorneys. I hereby represent that I am the President of Defendant and that I am duly authorized to enter into the plea agreement, including the ECP. I hereby acknowledge that the plea agreement and the ECP fully set forth the agreement of Noble with the United States. I further state that there have been no additional promises or representations made to or for the benefit of Noble by any officials of the United States in connection with this matter.

DATED: \_\_\_\_\_

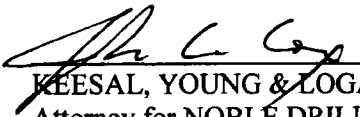
\_\_\_\_\_  
NOBLE DRILLING (U.S.) LLC  
Bernie G. Wolford Jr., President  
Authorized Representative of Defendant

As counsel for the defendant, I have discussed the terms of this ECP and its attachments with the defendant. Based on these discussions, I have no reason to doubt that the defendant is knowingly and voluntarily entering into this agreement. I know of no reason to question the defendant's competency to make these decisions. If, prior to the imposition of sentence, I become aware of any reason to question the defendant's competency to enter into this plea agreement or ECP, I will immediately inform the Court.

DATED: 12/8/2014

  
\_\_\_\_\_  
KEESAL, YOUNG & LOGAN  
Attorney for NOBLE DRILLING (U.S.) LLC  
HERBERT H. RAY, JR.

DATED: 12/8/2014

  
\_\_\_\_\_  
KEESAL, YOUNG & LOGAN  
Attorney for NOBLE DRILLING (U.S.) LLC  
JOHN COX

**Attachment 1**

**MODUs covered by this agreement**

**Drillships**

Name of Drillship	IMO Identification Number
NOBLE TOM MADDEN	9639074
NOBLE SAM CROFT	9621508
NOBLE BOB DOUGLAS	9618927
NOBLE DON TAYLOR	9618915
NOBLE GLOBETROTTER I	9540845
NOBLE BULLY I	9538828

**Mobile Offshore Drilling Units**

Name of MODU	IMO Identification Number
NOBLE DANNY ADKINS	8765242
NOBLE JIM DAY	8765230
NOBLE AMOS RUNNER	8756306
NOBLE JIM THOMPSON	8756291
NOBLE DRILLER	8752192

## **Attachment 2**

### **Environmental Management System**

CCM shall be responsible for ensuring Noble maintains the Management System addressing the following elements:

#### **Environmental Policy**

The EMS should be based upon a documented and clearly communicated policy. This policy should set out Noble's commitment to a cleaner marine environment. It should include:

- provision for compliance with environmental requirements;
- commitment to continuous improvement in environmental performance, including those areas required by this ECP;
- commitment to pollution prevention that emphasizes source reduction, to include funding and human resources necessary to effectively maintain and repair the systems, equipment and components found in machinery spaces of MODUs;
- commitment to continuous reduction of environmental risks;
- commitment to sharing information with external stakeholders on environmental performance.

#### **Environmental Requirements and Voluntary Undertakings**

The EMS must provide a means to identify, explain and communicate all relevant safety and environmental requirements and voluntary undertakings to all employees and to all vendors, technicians, and other non-crewmembers whose work could affect Noble's ability to meet those requirements and undertakings.

Safety and environmental requirements include statutes, regulations, permits, and agreements such as this ECP. Voluntary undertakings include the adaptations of additional best practices or industry norms that Noble may choose to adopt.

The EMS must include procedures for ensuring that the organization meets these environmental requirements, voluntary undertakings and the additional requirements of this ECP. The EMS must also specify procedures for anticipating changes to safety and environmental requirements including new requirements that may apply as a result of changes in operations and incorporating these changes into the EMS.

#### **Objectives and Targets**

The EMS will establish specific objectives and targets for:

- achieving and maintaining compliance with all marine environmental protection requirements and the requirements of this ECP;

- training, educating and fostering among all shipboard and shoreside personnel the need for solid environmental stewardship through a conscious effort at pollution prevention and accurate recordation of shipboard evolutions;
- environmental performance demonstrating continuous improvement in regulated and non-regulated areas;
- pollution prevention that emphasizes source reduction with respect to engine room, machinery space waste streams and effective management of cargo related wastes;
- sharing information with external stakeholders on environmental performance against all EMS objectives and targets; and
- preparing for and responding to safety and environmental incidents including the timely notification to shore side personnel and appropriate governmental entities.

The EMS must establish appropriate time frames to meet these objectives and targets. These must be documented and updated as environmental requirements change or as modifications occur in activities and structures within organizations in a manner that affects environmental performance or as a result of recommendations made by the Third Party Auditor.

### **Structure, Responsibility and Resources**

Noble will ensure that it has sufficient personnel and other resources to meet its objectives and targets. The EMS will describe in detail the procedures and steps for achieving those objectives and targets. The EMS will define the compliance roles and responsibilities of all MODU and shore side personnel involved with the operation, maintenance, and repair of Noble's MODUs, and will indicate how they and other corporate personnel will be held accountable for achieving and maintaining compliance with this EMS, the requirements of the ECP, and other marine environmental protection requirements. Additionally, it will describe how environmental performance and compliance information will be communicated to all vendors, technicians, and other non-crewmembers onboard Noble's MODUs. The EMS will also establish procedures for receiving and addressing concerns raised by these personnel regarding environmental performance and compliance.

### **Operational Control**

The EMS will identify and provide for the planning and management of all Noble operations and activities with a view to achieving the EMS objectives and targets. For example, MODU deck department, pump room, engine room and machinery space maintenance and repair will be an important aspect in achieving and maintaining compliance and enhancing environmental performance.

### **Corrective and Preventive Action and Emergency Procedures**

Noble through its EMS, will establish and maintain documented procedures for preventing, detecting, investigating, promptly initiating corrective action, and reporting (both internally and externally), any occurrence that may affect the organization's ability to achieve the EMS objectives and targets.

Such measures must focus particular attention on incidents that may have an effect on compliance with safety and environmental requirements as well as on environmental performance in regulated and non-regulated areas, including requirements of this EMS, the ECP or other marine environmental protection requirements. Examples of such situations include incinerator or oily water separator malfunctions, overflows of tanks within machinery spaces, fuel oil, lube oil, saltwater line failures, operator errors and other accidental releases.

The EMS must also establish documented procedures for mitigating any adverse impacts on the environment that may be associated with accidents or emergency situations and for ensuring that similar incidents are avoided. The EMS must include procedures for tracking any preventive and corrective actions that are taken. If the environmental violation or incident resulted from a weakness in the system, the EMS should be updated and refined to minimize the likelihood of such problems recurring in the future. The EMS should also, to the extent possible, provide for the testing and evaluation of emergency procedures.

### **Training, Awareness and Competence**

The EMS must establish procedures to ensure that all personnel (including vendors, technicians, and other non-crewmembers) whose job responsibilities affect the ability to achieve the EMS objectives and targets, have been trained and are capable of carrying out these responsibilities. In particular, the training should highlight means to enhance the ability of such personnel to ensure compliance with environmental requirements and voluntary undertakings, the requirements of the ECP and other marine environmental protection requirements. Additional training requirements are provided in **Attachment 3**.

### **Organizational Decision-making and Planning**

The EMS must describe how these various Management System elements will be integrated into the organization's overall decision-making and planning, in particular, decisions on capital improvements, training programs, and MODU operations, maintenance and repair activities. Specific information shall be provided relating to the additional resources and oversight required of older MODUs within its fleet.

### **Document Control**

The EMS must establish procedures to ensure maintenance of appropriate documentation relating to its objectives and targets and should also ensure that those records will be adequate for subsequent evaluation and improvement of the operation of the EMS. Additionally it will document the organization's state of compliance with marine environmental protection requirements and the requirements of the ECP. All records will be maintained and made available to the Third Party Auditor, and Port and Flag State Personnel.

## **Continuous Evaluation and Improvement**

The EMS must include methods to perform periodic, documented and objective auditing of the organization's performance in achieving these objectives and targets and on how well the EMS assists the organization in achieving those objectives and targets. This requirement is independent from the auditing requirements detailed elsewhere in this plan. The goal of these internal audits and reviews will be to allow management to continuously monitor and assess MODU systems, equipment and components, and the ability and proficiency at which MODU crewmembers and personnel ashore comply to the policies and procedures established by this EMS.

### **Additionally the EMS:**

Will identify an ongoing process for assessing operations for the purposes of preventing and controlling or minimizing waste stream development and releases, ensuring environmental protection, and maintaining compliance with a primary emphasis on marine engineering, MODU engine room and machinery space systems, equipment and components and any shipboard systems having oil-to-sea interfaces. Includes criteria for when a MODU is to be taken out of service for an environmental discharge related repair such as when caused by leaking stern tubes, thrusters or other equipment.

Will include organization charts, as appropriate, that identify shore side and MODU individuals having environmental performance, risk reduction, and regulatory compliance responsibilities. Specifies responsibilities of Rig Superintendents, representative leads from HSE, Marine, Maintenance, Engineering, and Subsea to report information related to environmental releases or inadequate performance of environmental pollution protection equipment, system casualties resulting in internal spills, excessive waste development and leaking equipment with oil-to-sea interfaces.

Will promote non-retaliatory practices and ensure that employees are not punished or otherwise suffer negative consequences for reporting violations of environmental laws, regulations, or policies. Also describes potential consequences for departure from specified operating policies procedures, including possible termination of employment; and liability for criminal/civil/administrative penalties as a result of noncompliance.

Makes employee compliance with environmental policies of the ECP, the EMS and other marine environmental protection requirements a positive factor, and failure to comply a negative factor in all evaluations undertaken for the performance of all its employees.

Will include policies against any incentive or bonus programs based on minimizing operational costs associated with the operation, maintenance and repair of machinery space systems, equipment and components without ensuring that efficiency and performance are maintained. The intent of this policy is to ensure that employees do not avoid such costs and thereby sacrifice environmental compliance.



Will describe a confidential non-compliance reporting system that is adopted to ensure that employees may quickly and confidentially report discharges, spills, environmental incidents and other environmental performance data.

Will identify all operations and activities where documented standard operating practices (SOPs) are needed to prevent potential violations or unplanned waste stream releases, with a primary emphasis on marine engineering, MODU engine room and machinery space operations, systems, equipment and components. Includes the development of SOPs and the manuals described in **Attachment 4**.

Will identify the types of records developed and maintained in support of the ECP and the EMS such as reports, audit working papers, correspondence, communications, reports from the confidential system for non-compliance reporting, and identify personnel responsible for their maintenance, and procedures for responding to inquiries and requests for release of information. Provides a system for conducting and documenting routine, objective, self-inspections by Noble internal auditors, supervisors and trained staff to check for malfunctions, deterioration, and inadequate maintenance of pollution prevention equipment, worker adherence to SOPs, unusual situations, and unauthorized releases.

Will identify a dedicated financial stream which is rapidly and easily accessible for personnel training, parts inventory and ordering, and maintenance of pollution prevention equipment.

### **Attachment 3**

#### **EMPLOYEE TRAINING PROGRAM**

The CCM will be responsible for ensuring that Noble has training programs in place to educate and train Noble MODU and shore side employees associated with the operation and management of its MODUs. Noble has named a Group Training Manager who ensures that the requirements of this section are met.

Training shall occur for all such employees by qualified instructors at a training facility, which may include Computer Based Training on a ship or office before an employee assumes his or her duties. The training shall consist of pertinent sections of this ECP, the EMS, and existing marine environmental protection requirements. The training shall include shipboard-related technical and practical information associated with pollution prevention and the operation, maintenance and repair of pollution prevention equipment and systems and be appropriate for the work responsibilities and department in which an employee works. The training must include discussion of the consequences to the defendant and its employees for failure to comply with the requirements of this ECP, EMS and existing marine environmental protection requirements. Annual refresher training for all such employees must be performed by qualified instructors, and may be performed onboard ship by Computer Based Training.

Where possible a basic initial training program shall be provided to MODU employees currently onboard MODUs in an effort to promptly mitigate pollution risk and ensure environmental protection. However, such employees must receive the shore side training prior to returning to a MODU on a new contract.

The Group Training Manager will maintain a catalog that provides an overview of the training courses; identifies the person responsible for delivering the training; and establishes a tracking system to monitor the type, frequency and successful completion of training.

Additionally the training shall include instruction regarding:

- Corporate environmental compliance structure including the CCM and contact information.
- Comprehensive overview of this ECP, the EMS and other marine environmental protection requirements.
- Sanctions and consequences for violations such as remedial training, Suspension, termination, and civil and criminal liability.
- The reporting system used to report non-compliance.
- Pollution prevention and minimization programs specifically as it relates to steward, deck, and engine department procedures and operations.

- All requirements set forth in the Engineering section of this ECP.
- Position specific training in the operation, maintenance and repair of OWSs', incinerators, OCMs' and other pollution prevention equipment.
- Procedures for solid and hazardous waste segregation, storage and disposal and reporting of releases.
- All other shipboard environmental protection related procedures examined and described in the ECP.

The Corporate Compliance Manager shall provide the TPA with details of environmental training courses provided to their officers and crew at establishments ashore, along with their annual schedule. The TPA is required to conduct a review of such courses at a minimum of one training establishment per year, ensuring that courses at all the training establishments are reviewed at least once during the first two years of probation.

## Attachment 4

### Bilge, Sludge, Sewage & Hazardous Materials

**In addition to the requirements set forth in Attachment 2, the following subjects shall be addressed in the Safety & Environmental Management System:**

#### **Bilge Water and Sludge Management**

- Describes Noble policy and procedures regarding management, disposal and discharges, including the identification of persons responsible for shipboard environmental compliance.
- Describes applicable ECP and EMS requirements, domestic and international laws, regulations and standards (including applicable portions of the United States Code of Federal Regulations (“CFR”), other pertinent pollution laws and regulations, MARPOL regulations, and standards).
- Describes reporting requirements (including internal and external reporting requirements relating to spills and discharges).
- Contains a general overview of the engineering requirements of this ECP and includes bilge, oily wastes, sludge systems equipment and components that also includes manuals for incineration, separation and monitoring equipment and system schematics. Includes routine, daily and preventative maintenance and the identification and required inventory of all critical spare parts.
- Describes fundamentals and maritime practices of waste stream minimization including, engine room housekeeping, minimization of bilge loads and leakages, use of proper cleaning chemicals, and prevention of sewage and black water spills into bilge tanks in accordance with the requirements of this ECP, the EMS, and other marine environmental protection requirements.
- Describes system operation and procedures for usage of all associated bilge management equipment, the sealing and securing of associated valves, offloading procedures and necessary operational checklists.
- Describes record keeping of Oil Record Books that includes items to be recorded, as required by MARPOL and record keeping requirements of additional logs described in the Engineering section of this agreement.
- Describes sanctions and consequences for violation of regulations, policies and procedures, including individual and corporate consequences for violations, remedial training, possible suspension or termination of employment, and civil and criminal liability.

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- Describes processes associated with the sealing and locking program for system crossover and connection valves where bilge systems tie into ballast, general service and other pumping or education systems, and the processes for sealing other identified connections and other systems capable of bilge removal with the use of the OWS.

### **Ballast Water, Drilling Waste and Deck Waste Management**

- Describes Noble policy and procedures regarding management of wastewater and other contaminated liquids. Management includes the retention, storage, disposal and discharges of all ballast water, drilling waste and deck wastewater, including the identification of persons responsible for shipboard environmental compliance.
- Describes the procedures to be used to properly maintain a Ballast Record Log/Book, notification of ballast water exchanges and discharges to the coastal state, and the requirements for what can properly be stored in a ballast tank. This includes any transfers into or out of a ballast tank whether routine or emergent.
- Describes the procedures for properly managing drilling floor wastes and deck run-off. These procedures are to include the proper storage, transfer and disposal using pollution prevention equipment and techniques. Procedures shall include training and oversight to ensure compliance with applicable pollution prevention laws, regulations and permits.
- Describes the proper procedures for testing of any stored or contained ballast, deck or drill wastewater prior to discharge to the environment.

### **Sewage Treatment**

- Describes Noble's policy and procedures regarding management, disposal and discharges, including the identification of persons responsible for environmental compliance.
- Describes applicable ECP and the EMS requirements, domestic and international laws, regulations and standards which includes applicable portions of the CFR, other pertinent pollution laws and regulations, MARPOL regulations, and standards.
- Describes internal and external reporting requirements relating to discharges.
- Describes general overview of system including the basic and general functions of sewage systems and equipment, including system schematics.
- Describes fundamentals and maritime practices of sewage system management in accordance with the requirements of MARPOL 73/78 and the ECP.
- Describes system operation and procedures including the standard operating

procedures for usage of all sewage equipment and systems, and operational checklists.

- Describes maintenance of sewage system equipment, including routine, daily and preventative maintenance, record-keeping, and the identification and required inventory of critical spare parts.
- Describes sanctions and consequences for violation of regulations, policies and procedures, including individual and corporate consequences for violations, including remedial training, possible suspension or termination of employment, and civil and criminal liability.

### **Hazardous and Solid Waste Management**

- Describes Noble's policy and procedures regarding management, disposal and discharges, including the identification of persons responsible for environmental compliance.
- Describes applicable ECP requirements, domestic and international laws, regulations and standards, including applicable portions of the C.F.R., other pertinent pollution laws and regulations, MARPOL regulations, and standards.
- Describes internal and external reporting requirements for tracking and disposal of covered wastes.
- Describes systems used to control, treat and dispose of specific wastes, including system schematics, where appropriate.
- Describes fundamentals and maritime practices of waste minimization that includes discharge procedures in accordance with the requirements of MARPOL 73/78 and the ECP.
- Describes the system operation and procedures, including standard operating procedures for usage of hazardous waste management systems, off-loading procedures, and operational checklists.
- Describes procedures for completing required discharge receipts and other entries.
- Describes routine, daily and preventative maintenance, record-keeping, and the identification and required inventory of critical spare parts.
- Describes sanctions and consequences for violation of regulations, policies and procedures, including individual and corporate consequences for violations, to include remedial training, possible suspension or termination of employment, and civil and criminal liability.

The following documentation and reference material will be readily on board:

- Regulatory References
- System Schematics (where applicable)
- Tank Tables
- Tank Arrangements
- Holding Capacities
- Critical Spare Parts List
- MSDS of Chemicals used in the Engine Room
- List of Regulated Wastes
- Discharge Restrictions List
- Forms
- List of Sealed Valves
- List of Locked valves

# NOBLE CORPORATION PLC

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**DAVID W. WILLIAMS**  
CHAIRMAN, PRESIDENT AND  
CHIEF EXECUTIVE OFFICER

8 December 2014

Kevin Feldis  
Assistant U.S. Attorney  
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U.S. Federal Building  
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Anchorage, AK 99513-7567

Dear Mr. Feldis:

As you know, Noble Drilling (U.S.) LLC ("Noble") has entered into a plea agreement with the United States relating to its operation of the NOBLE DISCOVERER and KULLUK drilling units in 2012. I understand that the enhanced environmental management system being implemented by Noble is of particular interest to the Department of Justice, and I wanted to explain the plan for the rest of the fleet owned by Noble Corporation plc.

When the conduct that was the subject of your investigation came to light, Noble immediately understood the seriousness of the violations that occurred and, at an early stage accepted responsibility for those violations. As you know, I flew to Alaska twice to meet with you and your investigation team as a demonstration of our commitment and to assure you that the conduct that was the subject of your investigation was not acceptable to me or to Noble, and was not an accurate reflection of the values, policies, or practices of Noble.

Noble strove at all times to cooperate fully in the government's investigation and worked diligently with the government to resolve the matter. Noble also conducted immediate training of its employees across North America related to the issues underlying this investigation and continues to do so today. Noble also took immediate voluntary steps to improve its existing policies and began the development of a comprehensive compliance plan which will govern the conduct of its employees with respect to the safety and environmental issues raised by this investigation. Noble has also donated \$1.0 million to facilitate the creation of a MARPOL training center at the Massachusetts Maritime Academy which will be a one of its kind facility where mariners from around the country can come to train and learn best practices for environmental compliance.

The plea agreement requires that Noble Drilling (U.S.) LLC implement the enhanced environmental management system for all of its drilling units operating in North America. I want to assure you that Noble Corporation plc is taking this program one step further. At my direction, Noble Corporation plc will require that all of its rig-owning and rig-operating subsidiaries implement substantially equivalent environmental management systems on a worldwide basis, for all of their drilling units.

I trust this is responsive to the Department of Justice's concerns about the application of such an enhanced environmental management system for the non-U.S. fleet. Please let me know if you have any additional questions.

Sincerely,

