

Texas Company to Pay \$100 Million for Export Violations to Iran, Syria, Cuba, and Other Countries

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BUREAU OF INDUSTRY AND SECURITY

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Fine is largest civil penalty ever levied by the Bureau of Industry and Security

WASHINGTON, D.C.- The U.S. Commerce Department's Bureau of Industry and Security (BIS) today announced Weatherford International Ltd. in Houston, Texas, and four of its subsidiaries (collectively, "Weatherford") have agreed to pay a \$50 million civil penalty following allegations that Weatherford exported oil and gas equipment to Iran, Syria and Cuba in violation of the Export Administration Regulations (EAR) and the Iranian Transactions and Sanctions Regulations (ITSR). BIS also alleged that Weatherford exported items controlled for nuclear non-proliferation reasons to Venezuela and Mexico. The fine is the largest civil penalty ever levied by BIS.

In a related action, the Department of Justice also announced today it has imposed a \$48 million monetary penalty on Weatherford International Ltd. pursuant to a deferred prosecution agreement. Justice is also imposing \$2 million in criminal fines pursuant to guilty pleas by two of Weatherford's subsidiaries, for a combined total penalty of \$100 million from the U.S. government.

"Serious consequences ensue when companies evade U.S. sanctions and export controls," said Under Secretary for Industry and Security Eric L. Hirschhorn.

Hirschhorn praised BIS's Dallas Field Office and the Office of Chief Counsel, along with the Office of Foreign Asset Control (OFAC) and the U.S. Attorney's Office for the Southern District of Texas for their outstanding work on the case. "Today's settlement is an example of the tremendous tools that the Special Agents of the Office of Export Enforcement use to further national security," Hirschhorn said.

"OEE, which is the only law enforcement entity dedicated solely to export control

enforcement, will continue its aggressive efforts to ferret out those who illegally divert goods and technology," he added.

Background on Charges

Weatherford International Ltd.: BIS charged that between 2004 and 2007 Weatherford International Ltd. transferred oil and gas equipment for drilling operations, and valued in total at as much as \$12 million, for export from the United States to Iran, via Weatherford's Dubai, UAE based subsidiary, with knowledge that a violation would occur.

BIS also charged that between 2005 and 2007 Weatherford International Ltd. transferred oil and gas equipment from the United States to Cuba via Canada with knowledge that a violation would occur. The items included essential oil and gas equipment such as mud motors, measuring-while-drilling orientation modules, and drill collars, and stabilizers which were valued in total at as much as \$20 million.

BIS also charged that between 2002 and 2007 Weatherford International Ltd. violated the Regulations by exporting pulse neutron decay tools which are controlled for reasons of nuclear non-proliferation, to Venezuela and Mexico without the required Department of Commerce licenses.

Weatherford Oil Tool Middle East Ltd.: Weatherford Oil Tool Middle East Ltd., a subsidiary of Weatherford International Ltd., evaded the EAR in connection with the export of oil and gas equipment from the United States to Iran and Syria between 2002 and 2008, charged BIS. Working with its parent company, Weatherford International Ltd., Weatherford Oil Tool Middle East Ltd. concealed that Iran and Syria were the ultimate destinations of the items.

Weatherford Production Optimisation (UK) Ltd.: Weatherford Production Optimisation (UK) Ltd., a subsidiary of Weatherford International Ltd., evaded the EAR in connection with the export of items for oil well production optimization between 2003 and 2006, charged BIS. Weatherford Production Optimisation (UK) Ltd. concealed that Iran was the ultimate destination of the items.

Precision Energy Services ULC: Precision Energy Services ULC, Canada, an affiliate of Weatherford International Ltd., transferred items that were to be exported to Cuba with knowledge that a violation would occur, between 2005 and 2006, charged BIS. The items included essential oil and gas equipment such as mud motors, measuring-while-drilling orientation modules, drill collars, and stabilizers.

Precision Energy Services Colombia Ltd.: Precision Energy Services Colombia Ltd. evaded the EAR in connection with the export and reexport of various items including essential oil and gas equipment, to Cuba, between 2006 and 2007, charged BIS. Precision Energy Services Colombia Ltd. concealed Cuba as the destination items to that included mud motors, measuring-while-drilling orientation modules, drill collars, and stabilizers.

Weatherford agreed, as part of the settlement agreement, to hire an unaffiliated third-party expert in U.S. export control laws to audit Weatherford's compliance with U.S. export control laws with respect to all exports or re-exports to Cuba, Iran, North Korea, Sudan,

and Syria for calendar years 2012, 2013, and 2014.