



Labyrinth
Management Group, Inc

Strategic Environmental, Safety & Health Solutions

**Annual Report on Consent Decree Compliance
During Calendar Year 2017
For
Transocean Operations
Conducted in Waters of the United States**

Prepared by:

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Submitted to:



**Transocean Deepwater, Inc.
Houston, Texas**

March 15, 2018

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Table of Contents

EXECUTIVE SUMMARY	IV
1.0 INTRODUCTION	1
1.1 BACKGROUND INFORMATION	1
1.2 PREPARATION OF ANNUAL REPORT	2
1.3 INDEPENDENT AUDITOR'S ROLE	2
1.4 AUDITOR'S INDEPENDENCE	3
1.5 TRANSOCEAN'S COOPERATION AND TRANSPARENCY	3
2.0 METHODOLOGY AND SCOPE	5
2.1 REVIEW AND AUDIT TASKS	6
2.1.1 <i>Planning, Scoping, and Coordination Activities</i>	6
2.1.2 <i>Desk Audit Reviews</i>	7
2.1.3 <i>Review of Requested "Auditor Reference Materials"</i>	8
2.1.4 <i>Review and Audit Activities of the Houston Onshore office</i>	9
2.1.5 <i>Drilling Rig Field Audits</i>	9
2.1.6 <i>Other Actions</i>	11
2.2 CLASSIFICATION OF RESULTS	12
2.3 LIMITATIONS AND REPRESENTATIONS	13
3.0 FINDINGS	15
3.1 INITIAL SUBMISSION OF INCOMPLETE LISTS FOR CERTAIN EMPLOYEES	15
4.0 CY 2017 OBSERVATIONS	17
4.1 MANAGEMENT SYSTEMS AUDIT PROGRAM	17
4.2 TRANSOCEAN ANNUAL REPORT – INCIDENT TRACKING SUMMARIES	20
4.3 SCE INHIBITS TRACKING	22
5.0 CY 2016 OBSERVATIONS FOLLOW-UP	23
5.1 ANNUAL CAMS EMPLOYEE LIST - SENIOR DPO REPORTING	23
5.2 2016 MANAGEMENT SYSTEM CHANGES - PSC REVIEW	23
5.3 HYDROCARBON GAS-IN-MUD AND TRANSOCEAN'S STOP HOT WORK POLICY	24
5.4 EMERGENCY RESPONSE PLAN (ERP) MANUALS - PSC REVIEW	25
5.5 BOP-RELATED EQUIPMENT - RUBBER PARTS MANAGEMENT	26
6.0 CONCLUSIONS	27
7.0 CERTIFICATION	28

TABLES

Table 1: Classification of Review and Audit Results

**Appendix A: Summary of the Consent Decree and Performance Plan Requirements
Articles VI and VIII**

**Appendix B: Transocean Response to Independent Consent Decree Compliance Auditor
Annual Report for 2017**

EXECUTIVE SUMMARY

On February 19, 2013, Transocean Deepwater, Inc., Transocean Holdings LLC, and Triton Asset Leasing GmbH (hereinafter “Transocean”) entered into a Consent Decree with the United States (US) to resolve the Clean Water Act (CWA) and Oil Pollution Act (OPA) claims associated with the sinking of the Deepwater Horizon Mobile Offshore Drilling Unit (MODU) and Macondo Well oil spill in the Gulf of Mexico. The Consent Decree required Transocean to retain an Independent Consent Decree Compliance Auditor (the “Independent Auditor” or “IA”) to audit and report to the US each calendar year after the date of entry.

This report was prepared by Mr. Lance Traves with Labyrinth Management Group, Inc. (LMG) as the Independent Auditor’s annual report on Transocean’s compliance with the Consent Decree and an agreed-upon Performance Plan. A general summary of the requirements of the Consent Decree and Performance Plan is provided in Appendix A. The time period covered by this annual report is calendar year (CY) 2017.

The annual report is written as a summary of the identified exceptions to Transocean’s compliance (i.e., non-compliance) with the Consent Decree and Performance Plan. As an exception report, the detailed verification information on Transocean’s compliance with a large number of requirements specified in the Consent Decree and Performance Plan is not discussed in this report.

METHODOLOGY AND SCOPE

As in prior years, the review activities and audit tasks used by the Independent Auditor to verify Transocean’s compliance with the Consent Decree and Performance Plan included five general components:

- Conducting planning, scoping, and coordination activities.
- Performing remote desk audit reviews of Transocean’s documents and information submitted to the US.
- Reviewing a wide range of documents and information requested from Transocean as auditor reference materials that were not required to be submitted to the US.
- Conducting a wide range of review and audit activities at Transocean’s US drilling operations office located in Houston, Texas.

- Performing field audits and inspections of Transocean's drilling rigs operating in US waters.

The overall review, including auditing tasks and methods, was conducted in conformance with international auditing standards. Verification of Transocean's management system's compliance with Safety and Environmental Management System (SEMS) requirements was conducted consistent with federal regulations and Center for Offshore Safety (COS) guidance.

CALENDAR YEAR 2017 FINDINGS

Based on the results of the review and audit, Transocean continued to be in full compliance with a large number of Consent Decree and Performance Plan obligations applicable to CY 2017, with the exception of one (1) reporting deficiency as follows:

- Transocean self-reported that the annual lists of all "Well Control Employees and Designated Employees" and all "CAMS Employees" submitted on March 29, 2017, were incomplete. These lists are required by Sections 15.d.1&2, 15.d.3 and 15.d.5, of the Performance Plan. The lists submitted did not include the names of the applicable crew members of the Deepwater Conqueror rig that had begun operations in the GOM December 16, 2016.

Transocean submitted updated lists that included the names of the Deepwater Conqueror rig crew on August 8, 2017. The Independent Auditor incorporated this updated information in the review and audit of Transocean's CAMS and CAP compliance. Based on information from Transocean and the IA's independent evaluation, the root cause of the reporting deficiency appeared to be the timing of a new human resource (HR) software system's implementation and administrative oversight. To prevent reoccurrence, the Transocean Consent Decree Obligations Team (the "Obligations Team") will receive written confirmation from HR when the location for a rig and its employees arriving in the waters of the United States is changed. In addition, HR has committed to independently review the reports used by the Obligations Team to generate the 15.d lists prior to submission.

In the Independent Auditor's opinion, Transocean reported this Consent Decree non-compliance finding to the US in a timely and appropriate manner. In addition, this compliance deficiency was not associated with Transocean's implementation and performance of the additional risk management provisions and programs for drilling operations required by the Consent Decree.

Transocean's single CY 2017 exception to Consent Decree and Performance Plan compliance also did not result in material deficiencies in Transocean's drilling rigs' Major Accident and Hazard Risk Assessments (MAHRAs) or operational oversight of drilling operations. In addition,

the deficiency was for incomplete reporting of a very limited amount of information to the US. Therefore, this deficiency was not an ongoing or reoccurring problem with Transocean's management system. As a result, the single non-compliance finding does not indicate 'systemic' management system deficiencies. Based on this information, Transocean's current internal management system continues to comply with SEMS requirements in 30 CFR Part 250, Subpart S during CY 2017.

In accordance with Paragraph 22 of the Performance Plan, Transocean is to respond to any "deficiencies" noted in the Independent Auditor's draft report and develop a corrective action plan within 30 days of receipt of the draft report. The corrective action plan is then to be included in the Independent Auditor's final report that must be submitted to the US no later than April 2, 2017.

Transocean's response to the identified compliance deficiency for the calendar year 2017 is provided in Appendix B of this final report. This includes a discussion of the actions already undertaken and completed by Transocean or planned for implementation and completion to correct the identified compliance deficiencies.

CY 2017 OBSERVATIONS

During CY 2017, the Independent Auditor's review and audit of Transocean's compliance with the Consent Decree and Performance Plan resulted in at least 40 observations that were reported to Transocean for additional formal discussion and/or follow-up. These observations were generally associated with aspects and issues related to rig visits, drilling operations, company policies and procedures, personnel safety, process safety/operational integrity, and risk management. Individual observations may or may not have been related to a specific Consent Decree compliance requirement.

As in prior years, more than half of the CY 2017 observations were related to follow-up questions, requested clarifications, and issues related to Transocean's Management System (MS) audits of rigs operating in US waters. As part of the typical follow-up for each observation, Transocean was requested to provide additional documentation and/or clarification information regarding each observation.

Additional information on three (3) 'material' CY 2017 observations that also include follow-up by the Independent Auditor in CY 2018 has been included in this report. Material observations include evidence of current practices, procedures, operations, or conditions that (1) could potentially result in future Consent Decree non-compliance issues or (2) represent potential process safety or risk management issues. A summary of each of these material observations is provided below.

1. Management System Audit Program Conformance Issues

Paragraph 15.a.1 of the Consent Decree requires Transocean to develop and maintain an “Audit-Review-and-Closeout Process” that: (1) ensures the follow-up and close-out of rig audit findings and, (2) any “material deficiencies” identified during an audit related to a rig’s Major Accidents and Hazard Risk Assessment (MAHRA) are reported to the US and corrected within 60 days, unless an extension is provided. To meet this requirement, Transocean revised the company’s existing management system (MS) audit program and policy in 2014.

However, as of CY 2017, Transocean’s MS audit policy’s audit findings classification system and procedure for corrective actions continue to contain a potential gap in the required tracking of corrective actions. This potential gap is for deviations in policies and procedures for rig operations that may include critical process safety and operation integrity aspects. This is because the MS audit policy provides for the rig OIM to determine if “Audit Observations” identified during an MS audit required a root cause analysis that would only then also trigger tracking and follow-up of any corrective actions in Transocean’s FOCUS management system.

This “Audit Observation” issue and potential follow-up gap were initially reported to Transocean by the Independent Auditor as a potential Consent Decree and SEMS non-conformance in early 2016. Based on this information, Transocean changed the MS audit process and began requiring all Audit Observations to be entered into FOCUS for OIMs to develop corrective actions and to ensure the onshore management tracking of the close-out of the Audit Observations. This change was completed by mid-2016, and the Consent Decree and SEMS non-conformance issue were eliminated.

However, during the remainder of CY 2016 and CY 2017, the Independent Auditor’s review of MS audit reports and direct field observation of MS audits continued to note that important deviations from Transocean policies and procedures that related to MAHRA barriers and controls were, by MS audit policy, subject to classification as Audit Observations. Furthermore, in the Independent Auditor’s opinion, the continued use of the MS audit finding’s category of “Audit Observation” instead of “Non-Compliance” resulted in the potential for Transocean management and employees to not fully recognize the impact that these deviations could have on a rig’s operational integrity and process safety.

Based these findings and to further improve the MS audit program, Transocean implemented a second change in the MS audit process in early 2017. This change specified that all audit findings reported at the rig close-out meeting were not to be classified. Final classification of audit findings was to be completed onshore during final

report preparation. This change provided for additional SME and onshore management review of the audit findings prior to classification. The change also further ensures that when multiple findings are identified during an audit, and they are related to a single MAHRA barrier, the evaluation for classification as a “Major Non-Compliance” finding has sufficient time, and expertise applied.

Based on this information, Transocean’s risk-based MS audit program appears to be operating effectively. However, at the end of CY 2017, the two important changes in the MS audit process described above have not been formally incorporated in Transocean’s MS audit policy that was also submitted under the Consent Decree.

Transocean has indicated to the Independent Auditor that an updated MS audit policy is expected to be issued during the first quarter of 2018. In addition, this updated policy will include changes to the MS audit program that eliminates the use of “Audit Observation” for the classification of any findings and formally provide for the final classification of audit findings while onshore. During the CY 2018 review, the Independent Auditor will follow-up on these proposed actions and continue to evaluate the effectiveness of Transocean’s MS audit program.

2. Transocean Annual Report – Incident Tracking Summaries

During CY 2017, the Independent Auditor’s review determined that the Consent Decree and Performance Plan language in Paragraph 15.g for Incident Tracking Reporting is broader than historically interpreted and completed by Transocean for this obligation. Transocean has historically reported the following, as required:

- corrective maintenance and inhibits of safety-critical designated equipment;
- ultimate work authority (UWA) stop-work authority (SWA) events;
- near hits (NH) and serious near hit (SNH) incidents; and
- major loss of containment incidents.

However, the obligation’s language also states the annual reporting of “any incidents involving Transocean Defendants’ employees or contractors that Operators are required to report under 30 C.F.R. § 250.188 (as modified to include reporting of property or equipment damage greater than \$250,000 in value).” Incident reporting under 30 C.F.R. § 250.188 requires the reporting of a number of types of incidents that may not be covered by the Consent Decree specific items noted above.

Based on the Independent Auditor’s review, Transocean’s prior annual reporting of UWA SWA events, near hits, and serious near hits have included the vast majority of the

incidents that would have required reporting under 30 C.F.R. § 250.188. However, the UWA/ SWA events and NH/SNH incidents were not broken down and reported in an annual roll-up that included the specific categories identified in 30 C.F.R. § 250.188. For example, Transocean has not separately reported in their annual report the injuries that required evacuation or that resulted in one or more days of lost work time. In addition, there have been incidents noted by the Independent Auditor, such as small fires, that would not have been reported separately or included in Transocean's annual incident totals.

The Independent Auditor is aware that there has been at least one (1) interpretation of the Incident Tracking reporting requirements submitted by Transocean to the US regarding the language contained in Paragraph 15.g for Incident Tracking Reporting. As a result, in the Independent Auditor's opinion, some interpretation of the Consent Decree language by Transocean is reasonable. Furthermore, US agency representatives have not commented on Transocean's prior CY 2014, 2015 and 2016 Incident Tracking Summary Tables included in annual reports.

To correct this 'material' observation and non-conformance, Transocean has agreed to include in the Company's CY 2017 Annual Report and all future reports an Incident Tracking Summary that reports all the incidents listed in 30 C.F.R. § 250.188 (as modified with the \$250,000 property value damage stipulation). As part of the CY 2018 review, the Independent Auditor will review the CY 2017 Incident Tracking Summary for accuracy and completeness.

3. SCE Inhibits Tracking and Reporting

Paragraph 15.g of the Consent Decree requires Transocean to annually report the corrective maintenance and inhibits (i.e. "temporary disabling") of all safety-critical designated equipment (SCE). As an example, SCE systems would include but not be limited to fire and gas alarm and suppression systems on a rig.

As part of compliance with the Consent Decree, Transocean has provided US agency representatives with additional information on identified SCE systems on rigs and the Company's interpretation of when an "inhibit" occurs. Based on this guidance, the Independent Auditor has conducted reviews of the required tracking or inhibits by Transocean rigs.

Beginning in 2016 and continuing in 2017, the Independent Auditor has identified large differences in the number and type of SCE inhibits tracked by Transocean rigs. Overall, these differences appear to result in selected rigs tracking and, therefore, reporting significantly greater numbers of inhibits. Based on additional follow-up, these differences appear to be appropriate and result from the type and mode of operation for the computerized fire and gas control system on the rigs. However, the Independent Auditor has also identified a limited number of instances where it appears SCE inhibits requiring tracking may not have been recorded by rigs for eventual annual reporting.

Based on these findings, Transocean agreed in CY 2017 to revisit the guidance and employee training on inhibit tracking to obtain greater consistency across rigs operating in the GOM. The Independent Auditor will follow-up on the inhibits tracking information reported for CY 2017 and further evaluate again in 2018.

FOLLOW-UP ON CY 2016 OBSERVATIONS

As part of the CY 2017 review and audit, follow-up was also conducted by the Independent Auditor on the observations noted in the CY 2016 Annual Report. Based on the CY 2016 review and audit, five (5) 'material' observations were specifically discussed in the annual report. A summary of these CY 2016 observations and the various follow-up actions conducted in CY 2017 is provided below.

1. Annual CAMS Employee List – Senior DPO Reporting

Transocean's annual list of CAMS and CAP employees that Transocean submitted to the US in January of 2014, 2015, and 2016 under Paragraph 15.d.5 did not include any employees working on drilling rigs with the job title Senior Dynamic Positioning Operator (Senior DPO). This exclusion resulted from Transocean's interpretation of the Consent Decree and Performance Plan language describing the reporting requirement. To resolve any Consent Decree reporting uncertainty, Transocean agreed to include Senior DPOs in all future annual lists of CAMS and CAP employees.

Based on follow-up review conducted by the Independent Auditor, the CAMS Employee list submitted by Transocean in CY 2017 under Paragraph 15.d.5 included the required names of employees with the job title Senior DPO.

2. 2016 Management System Changes - PSC Review

During 2016, Transocean implemented company management system updates and changes that included revised policies and the use of new procedures. The Independent Auditor was uncertain as to whether the revised policy's new rig specific "Procedures"

that related to a Major Hazard Barrier in a rig's Safety Case had the same level of management control, risk assessment transparency, and performance as the prior management system process.

Based on this uncertainty, the Independent Auditor recommended that the Consent Decree Process Safety Consultant (PSC) review the management system changes and updates as part of the PSC's 2017 required supplemental process safety review mandated under the Consent Decree (the PSC Supplemental Review). During 2017, the Independent Auditor and Transocean met with and discussed the incorporation of this request in the PSC Supplemental Review.

As required, the PSC's report based on the review and evaluation of Transocean's process safety was issued in the fall of 2017 (the PSC Supplemental Report). Incorporated in this report, the PSC conducted a specific review and evaluation of the revised management system policy and use of the new rig "Procedures." As discussed in the PSC Supplemental Report and follow-up evaluations, Transocean rigs create rig "Procedures" to document "sequence of rig specific risk assessed task steps, including controls, for a task to be completed safely and efficiently and where a Controlled Procedure does not already exist." Furthermore, a rig's "Procedures" are ultimately approved by the OIM/Master.

According to the PSC's evaluation, the rig "Procedures" are "highly rig specific and mainly focus on the peculiarities of specific equipment used on the rig that is unique to the rig and thus is not considered significant to process safety." The PSC also concluded that the change in the management system to the use of a new Task Planning and Risk Assessment (TPRA) process still requires that "all tasks are planned, hazards are identified, risk assessed and monitored." Therefore, the PSC's opinion was that rig personnel are instructed that risks are to "be reduced to as low as reasonably practice (ALARP), a standard that is well known in the international community for the highest appropriate level of safety."

3. Hydrocarbon Gas-In-Mud and Transocean's Stop Hot Work Policy – PSC Review

Based on observations in CY 2015 and CY 2016, the Independent Auditor recommended that the PSC evaluate the process safety aspects of Transocean's gas-in-mud stop hot work policies and procedures as part of the PSC Supplemental Review. In addition, the Independent Auditor was to follow-up with BSEE on any additional agency or industry-wide information or findings on the gas-in-mud safety observation.

During 2017, the Independent Auditor and Transocean met with and discussed the incorporation of this request in the PSC's Supplemental Review. According to the PSC, the process safety aspects of gas-in-mud stop hot work issue was "explored on several occasions with subject matter experts in Transocean and independently with industry experts." The Independent Auditor was not informed of any additional follow-up actions or information by BSEE during CY 2017.

Based on the PSC's Supplemental review and follow-up evaluation, Transocean's gas-in-mud stop hot work criteria were set "much lower than the primary protection for rig and crew which is the gas alarms set at 20% of Lower Explosive Limit which warn the crew and require immediate action." Therefore, according to the PSC, the gas-in-mud stop hot work procedure was "helpful to watch the trends as an early warning," but it was a "secondary system." The primary purpose of the gas-in-mud detection system was for "well hydrocarbon detection information." The PSC did endorse the Independent Auditor's recommendation that there needs to be "good communication as to the warning alarms and the meaning" of the gas-in-mud levels on Transocean's rigs.

Finally, as a result of the Independent Auditor's observations on the gas-in-mud stop hot work procedures on drilling rigs, Transocean issued a Fire Prevention US OI and HSE Advisory on this topic in November 2017, followed by a Controlled Procedure in December 2017. The advisory and procedure specified a maximum allowable threshold for stopping hot work of a 20% or more concentration of gas in mud as recorded by the mud logger. Individual drilling rigs may also still establish a lower allowable threshold at the discretion of the Operator and OIM.

4. Emergency Response Plan (ERP) Manuals – PSC Review

In 2016, Transocean submitted for review to US agency representatives revised Emergency Response Plan (ERP) Manuals for rigs operating in US waters. Based on the Independent Auditor's review, inconsistencies and changes in the revised ERPs and selected emergency checklist's actions were identified across Transocean rigs that were in the same or similar class. In addition, recommended times previously included within ERP checklists, for step-by-step emergency actions taken in the case of a specific emergency event, were eliminated in the revised versions. Therefore, the Independent Auditor recommended the PSC review the revised ERP manuals, including the emergency event checklists, as part of the PSC Supplemental Review.

The PSC completed a review of the ERPs and checklists for selected new Transocean rigs entering the Gulf of Mexico (GOM) in 2016 and 2017. Based on this review, the PSC noted there are "minor" differences noted in the checklists, but the PSC found that the ERPs (including checklists) were "substantially the same document." Further, the

PSC confirmed that the previous versions of the ERP checklists for Transocean rigs contained estimated times. However, the PSC noted that the use of times for emergency actions in the checklists, were “quite misleading, and appropriately, the new versions do not reflect any specific times.”

The PSC recommended as “prudent” that Transocean examine and compare the ERP manuals and to the extent that one uniform language is an improvement to “have them as identical unless there is a good reason for the wordings to differ.” The Independent Auditor also understands that Transocean is reviewing the action items and specific language included in the ERP checklist for Hydrogen Sulfide (H₂S) gas events to provide additional clarity and consistency in CY 2018. This review is being undertaken based on Independent Auditor observations on the ERP checklist content and H₂S gas emergency events in CY 2017.

5. BOP-Related Equipment – Rubber Parts Management

Throughout CY 2016, during the field audits of both drilling rigs, the Independent Auditor identified that selected BOP-rubber goods on the rigs did not have expiration dates noted on the packaging, including Transocean labels that provide for this information. Expiration dates for selected rubber goods were also not recorded in the electronic records system maintained by the Materials Manager on the rig at the time of the audit. Transocean’s global supply chain procedures require rubber goods used in critical equipment to have clearly marked expiration dates on the items.

Based on the Independent Auditor observations, the Master/OIM on both rigs directed the Materials Manager to begin conducting or finish an ongoing full physical inventory audit of the rubber goods storage room. In addition, Transocean reported these audit observations to all Rig Managers for drilling rigs operating in US waters so that follow-up on this observation could be conducted with the Masters/OIMs and Materials Managers. It is important to note that after additional investigation, none of the BOP-related rubber parts noted without expiration dates were actually expired parts or even within a six-month expiration time period requiring segregation.

During 2017, the Independent Auditor conducted detailed inspections of rubber rooms used for BOP-related parts on three (3) Transocean rigs during field audits. Based on the inspection results, no significant non-conformances with Transocean’s rubber goods storage and labeling policy were identified for two of the three rigs. The single rig that did have a number of non-conformances was new to US waters and had previously operated overseas. In the Independent Auditor’s opinion, this rig’s significant non-conformances were not evidence of a “systemic” deficiency in the management system.

The BOP rubber parts management non-conformances were immediately follow-up upon by Transocean management with the rig OIM and the corrective actions tracked in Transocean's GMS. These actions indicate to the Independent Auditor that Transocean's management system and corrective action loop is working effectively.

As part of the CY 2018 review and audit, the Independent Auditor will also continue to inspect warehouse rubber rooms for BOP-related parts management in accordance with Transocean policies to ensure that this observation is not a system deficiency in the management system.

THE INDEPENDENT AUDITOR

US agency representatives approved Mr. Traves as Transocean's Independent Auditor on March 31, 2014. He is not an officer or employee of Transocean and has no executive, director, a managerial or supervisory role with Transocean. LMG and Mr. Traves have no other contracts with Transocean and have no other financial interest in Transocean that would or might be seen as impairing independence and objectivity.

TRANSOCEAN'S COOPERATION AND TRANSPARENCY

Transocean's senior management and all other company employees fully cooperated with the Independent Auditor during the review and verification of the Company's compliance with the Consent Decree and Performance Plan. Transocean was also fully transparent regarding the information, documents, and observations used to verify compliance with the Consent Decree and Performance Plan for CY 2017. There is no reason to believe that Transocean knowingly made any misstatements or provided false information to the Independent Auditor during the performance of the CY 2017 review and audit.

LIMITATIONS AND REPRESENTATIONS

All compliance reviews and audits involve performing tasks and undertaking procedures to obtain and review information or evidence determined to be necessary by the auditor for meeting the objectives of the audit. The tasks and procedures selected for this review depended, to a certain extent, on the professional judgment which included an assessment of the risks of material misstatement of the findings.

Information required to complete the review and audit was primarily obtained from Transocean, and to a much lesser extent, external third-party entities. To the extent that the information and records from Transocean or other external sources were relied upon to verify compliance and form opinions; the information and records were assumed to be true, accurate, and complete. Certain provisions of the Consent Decree and Performance Plan are subject to potential

interpretation because specific definitions are not provided within these documents. Compliance with these provisions was based on Transocean's interpretations unless specific interpretation information was provided by US agency representatives.

Transocean's submissions to the US, which were subject to regulatory agency review, were not reviewed for determinations of compliance with applicable regulatory requirements. In addition, the review and audit did not include a technical expert evaluation of the accuracy and content of Transocean's reports submitted to the US.

1.0 INTRODUCTION

This annual report on Transocean’s Consent Decree compliance for drilling operations in waters of the United States (US) during the calendar year (CY) 2017 is the fourth in a series of annual reports prepared by the Independent Consent Decree Compliance Auditor (Independent Auditor). The previous annual reports evaluated Transocean’s compliance during CY 2014, CY 2015, and CY 2016. These earlier reports and this CY 2017 annual report can be found on Transocean’s website at <http://www.deepwater.com/macondo-us-consent-decree-compliance/reports-required-under-consent-decree>.

1.1 BACKGROUND INFORMATION

On April 20, 2010, a well control event associated with the completion of the Macondo Well in the Gulf of Mexico (GOM) caused a catastrophic fire and sinking of the Deepwater Horizon Mobile Offshore Drilling Unit (MODU). This event resulted in the release of hydrocarbons from the well for 87 days, resulting in a spill of national significance. Transocean Deepwater, Inc. was the owner of the Deepwater Horizon and the drilling contractor to BP Exploration and Production, Inc. (BP) for the Macondo Well at the time of the event. BP was the owner of the lease of the GOM area that contained the Macondo Well.

To resolve the Clean Water Act (CWA) and Oil Pollution Act (OPA) claims associated with these events, Transocean entered into a Consent Decree with the US that was filed on February 19, 2013.^{1,2} The Transocean Consent Decree also included an agreed-upon Performance Plan that set forth the implementation plan and schedule for the various requirements of the Consent Decree.

The Consent Decree provides in Paragraph 22.a. That Transocean:

“retain an Independent Consent Decree Compliance Auditor (the “Independent Auditor”) who shall audit and report to the United States each calendar year after the date of entry, by April 2 of the following year (Paragraph 31.a.) on the Transocean Defendants’ compliance with Articles VI (Measures to Improve Performance and Prevent Recurrence) and VIII (Reporting) of this Consent Decree.”

This annual report on Consent Decree compliance has been prepared by the Independent Auditor based on evaluation and audit work conducted in CY 2017.

¹ The specific parties to the Consent Decree were Transocean Deepwater, Inc., Transocean Holdings LLC, and Triton Asset Leasing GmbH.

² In Re: Oil Spill by the Oil Rig “Deepwater Horizon” in the Gulf of Mexico, on April 20, 2010, US District Court, Eastern District of Louisiana, MDL No. 2179, Section: “J” Judge Barbier.

This Annual Report for CY 2017 is submitted to Transocean specifically to comply with the requirements of Consent Decree Paragraph 22.a. Transocean is to operate under the requirements of the Consent Decree and Performance Plan for a minimum of five (5) years.

1.2 PREPARATION OF THE ANNUAL REPORT

The Annual Report for CY 2017 was prepared by Mr. Lance Traves with Labyrinth Management Group, Inc. (LMG) as the Independent Auditor. The time period covered by the report is January 1, 2017, through December 31, 2017 (CY 2017).

In performing his duties as the Independent Auditor, Mr. Traves was supported by LMG staff, specifically, including Mr. Charles Sisia, Senior Consultant with LMG. Mr. Sisia worked under the direct supervision of Mr. Traves at all times, and all findings contained in this report were reviewed and approved by Mr. Traves as the Independent Auditor.

The annual report is written as a summary of the identified exceptions to Transocean's compliance (i.e., non-compliance) with the Consent Decree and Performance Plan. As an exception report, verification information on Transocean's compliance with a large number of requirements specified in the Consent Decree and Performance Plan is not discussed.

A general summary of the requirements of the Consent Decree and Performance Plan is provided in Appendix A. Copies of the Consent Decree and Performance Plan are also available on Transocean's website at <http://www.deepwater.com/macondo-us-consent-decree-compliance>. Transocean's website also contains additional reports prepared by Transocean and posted to the website to meet specific reporting requirements of the Consent Decree and Performance Plan for CY 2017 and prior years. In addition, by April 2nd of each year, Transocean is required to post the Independent Auditor's annual report on Consent Decree compliance for the prior calendar year.

1.3 INDEPENDENT AUDITOR'S ROLE

The Consent Decree provides in Paragraph 22.a. That the Independent Auditor shall:

"Review documentation and take such reasonable measures as may be appropriate to verify the Transocean Defendants compliance with Articles VI (Measures to Improve Performance and Prevent Recurrence) and VIII (Reporting) of this Consent Decree."

Based on this broad authorization, the Independent Auditor developed a review and audit methodology for CY 2017, including various work plans. These work plans incorporated information gained from prior years reviews and obtained from observations during CY 2017.

The work plans were implemented without any material changes or impediments from Transocean to the review, audit, and verification of Transocean's compliance with the requirements of the Consent Decree and Performance Plan. Additional information on the methodology and scope of the CY 2017 review and audit is provided in Section 2.0.

The language of the Consent Decree provides that the Independent Auditor is not intended to have and does not have the responsibility to monitor or the authority to "*exercise the regulatory, enforcement, or other role of the United States.*"³ As a result, Mr. Traves, in his role as the Independent Auditor, did not verify the specific regulatory compliance (including the technical merit) of selected documents, plans, or procedures that were submitted by Transocean to US agency representatives for review during CY 2017. In these instances, the documents, plans, or procedures were reviewed for compliance with the Consent Decree's submission deadline and overall compliance with the Consent Decree's description of the required general content or information to be provided. In selected cases, the Independent Auditor provided feedback and comments to Transocean on the technical information and contents of plans and policies as a review and audit observation.

1.4 AUDITOR'S INDEPENDENCE

The Consent Decree provides that the Independent Auditor must be approved by the US and "shall not have any executive or management functions" within Transocean or assume the role of any of Transocean's officers, executives, directors, managers, or supervisors.⁴ Mr. Traves was proposed by Transocean to serve as the Independent Auditor in early 2014. US representatives approved Mr. Traves as Transocean's Independent Auditor on March 31, 2014.

Mr. Traves is the President of LMG, a privately-held strategic environmental, health, and safety (EHS) compliance and risk management consulting firm located in Medina, Ohio. Mr. Traves is not an officer or employee of Transocean and has no executive, director, a managerial, or supervisory role with Transocean. Transocean has retained Mr. Traves and LMG under a standard commercial contract to act as the Independent Auditor for the Consent Decree. LMG and Mr. Traves have no other contracts with Transocean and have no other financial interest in Transocean that would or might be seen as impairing their independence and objectivity.

1.5 TRANSOCEAN'S COOPERATION AND TRANSPARENCY

During CY 2017, Transocean's senior management and all other company employees continued to fully cooperate with the Independent Auditor during the review and verification of the Company's compliance with the Consent Decree and Performance Plan. Transocean also has continued to dedicate a large amount of financial and employee resources to complying with the Consent Decree and Performance Plan.

³ See Paragraph 22.b of the Consent Decree.

⁴ See footnote 3.

Transocean's extensive cooperation in CY 2017 included responding again to a large number of specific inquiries and follow-up requests from the Independent Auditor for additional information and documents relevant to the wide range of requirements of the Consent Decree and Performance Plan. The additional information and documents requested by the Independent Auditor were always provided by Transocean on a timely basis, subject to normal working requirements. The Independent Auditor was also provided access to all requested Transocean employees and third-party contractors, including drill rig workers, managers, and subject matter experts (SMEs) as needed for interviews and follow-up.

Transocean also ensured that Independent Auditor had access to a wide range of Transocean SMEs and the PSC. This included conferring meetings between the Independent Auditor and the PSC and various Transocean SMEs during both of the Houston Office reviews conducted during 2017. The Transocean SMEs included personnel with expertise in drilling operations, hazard analysis, operational integrity, auditing, various rig equipment, employee training and assessment, maintenance, and gas-in-mud issues.

In CY 2017, Transocean also continued to provide the Independent Auditor with unrestricted access to the work areas located on its drilling rigs (subject to health and safety restrictions). The Independent Auditor continued to shadow Transocean's internal management system auditors on drilling rigs during the performance of their assurance activities. Finally, Transocean provided employees to facilitate the Independent Auditor's continued access to and viewing of the Company's electronic management systems, internal tools, and documentation resources, when requested.

Based on these and other actions, Transocean was transparent regarding the information, documents, and field inspections used by the Independent Auditor to verify compliance with the Consent Decree and Performance Plan for CY 2017. There is no reason for the Independent Auditor to believe that Transocean knowingly made any misstatements or provided false information during the CY 2017 review and audit.

2.0 METHODOLOGY AND SCOPE

The CY 2017 review and verification of Transocean's compliance with the Consent Decree and Performance Plan were conducted from January 1, 2017, through January 25, 2018. The methodology and scope used in conducting the review and audit were based on the following:

- knowledge and experience of the Independent Auditor,
- auditing standards and guidance from a number of organizations,
- compliance requirements of the Consent Decree and Performance Plan, and
- knowledge, experience, and information obtained during the CY 2014 and CY 2015 reviews and audits.

As during prior years, the CY 2017 review, including auditing tasks and methods, was conducted in general conformance with "International Standard ISO 19011: Guidelines for Auditing Management Systems".⁵ This included the use of an evidence-based approach and a systematic process. Consistent with ISO 19011, the review and audit methodology also focused on identifying performance risks and then working to minimize them. These performance risks would be associated with inadequate preparation, ineffective implementation of auditing tasks, and incomplete review of information relevant to verifying Transocean's compliance with the Consent Decree and Performance Plan.

The CY 2017 review and audit methodology also generally conformed to ASTM International's Standard Practice for Environmental Regulatory Compliance Audits (Designation E2107-14) and the Standard Guide for Environmental Compliance Performance Assessment (Designation E2365-14). This conformance included the auditor's qualifications, the audit process, and the documentation and management of records.

Finally, verification of Transocean's management system's compliance with Safety and Environmental Management System (SEMS) requirements in 30 Code of Federal Regulations (CFR) Part 250, Subpart S, continued to be conducted in a manner consistent with these regulations and guidance from the Center for Offshore Safety (COS).⁶ This verification process included the following:

- 1) performing overnight field audits of Transocean's drilling rigs operating in US waters during normal drilling operations,

⁵ ISO (the International Organization for Standardization) 19011 Standard was issued in 2011 to provide 'guidance' to users on establishing, implementing, and monitoring an audit program for management systems at private and public organizations.

⁶ COS (Center for Offshore Safety) guidance includes Publication COS-2-03 "Requirements for Third-party SEMS Auditing and Certification of Deepwater Operations" dated October 2012.

- 2) observing Transocean employees performing management system audits of Transocean drilling rigs during normal drilling operations;
- 3) reviewing the implementation of CY 2016 and CY 2017 changes to the Transocean's existing management system for conformance with SEMS requirements;
- 4) evaluating compliance based on the overall performance of the Transocean's various operational and rig maintenance management systems; and
- 5) reviewing overall HSE performance of the Transocean drilling rig fleet operating in US waters using metrics required to be tracked by the Consent Decree.

2.1 REVIEW AND AUDIT TASKS

The review activities and audit tasks used to verify Transocean's compliance with the Consent Decree and Performance Plan in CY 2017 continued to include five general components:

- Conducting planning, scoping, and coordination activities.
- Performing remote desk audit reviews of Transocean's documents and information submitted to the US.
- Reviewing information and providing Independent Auditor feedback on selected items related to Consent Decree and Performance Plan requirements that were not required to be submitted to the US.
- Reviewing a wide range of documents and information requested from Transocean as auditor reference materials that were not required to be submitted to the US.
- Conducting a wide range of review and audit activities at Transocean's US drilling operations office located in Houston, Texas.
- Performing field audits of Transocean's drilling rigs operating in US waters, specifically within the GOM.

Additional information on each of these components is provided below.

2.1.1 Planning, Scoping, and Coordination Activities

As a best management practice (BMP), the Independent Auditor continued to conduct monthly project coordination conference calls with Transocean's team of employees managing Consent Decree compliance during CY 2017. These project conference calls were again organized around an agenda developed by the Independent Auditor with input by Transocean. Topics could include updates on Transocean operations, planning for review and audit activities, discussions of compliance submissions, and follow-ups on information and observations noted during the CY 2017 review.

The Independent Auditor also participated in monthly conference calls organized and conducted by Transocean to discuss and report on compliance activities to US agency representatives. In addition, the Independent Auditor also had conference calls with Transocean's senior managers and various SMEs on a number of times for specific topics and various audit observations during CY 2017. In total, the Independent Auditor participated in approximately 25 Consent Decree related conference calls as part of the CY 2017 review.

Furthermore, during CY 2017 the Independent Auditor continued to have direct communications with the PSC on various Transocean operational topics and observations. These included face-to-face meetings and numerous communications by email and phone.

As part of the CY 2017 review and audit, work plans were again developed for the overall performance of the verification project, audits of the Houston office, and field inspections of drilling rigs operating in US waters. Each work plan included a general discussion of the plan's objectives, the scope of work, coordination and reporting methods, and a proposed schedule.

The CY 2017 work plans were discussed with Transocean and to a lesser extent with US agency representatives. The work plans were implemented during the course of the review without material changes that would have adversely impacted the information and the results obtained.

2.1.2 Desk Audit Reviews

The Consent Decree and Performance Plan includes an extensive list of required Milestones and Deliverables as part of the Measures to Improve Performance and Prevent Recurrence, as well as reporting requirements that require Transocean's compliance. The required CY 2017 deliverables include BOP pre-deployment certifications, updated company plans, manuals, reports, and procedures, as well as the submission of various other types of information.

In addition, Transocean's Annual Report for CY 2016 was submitted to the US and posted to the Company's website on March 23, 2017. Therefore, the information provided within Transocean's CY 2016 Annual Report was included in the Independent Auditor's verification of compliance for CY 2017.

Consistent with prior years, as part of the CY 2017 review and audit, Transocean's submissions to the US were verified for compliance with required milestone dates and specific deliverable requirements. The review of milestone dates included requirements for follow-up submissions within specified times for select requirements. Review and verification of compliance with the deliverable requirements were based on whether, in the Independent Auditor's opinion, the deliverable was responsive to the objective(s) of the Consent Decree and Performance Plan. Each deliverable was required to contain all specifically referenced information and/or documentation.

As discussed in Section 2.1.3, the review of Consent Decree submissions often included a detailed review of additional internal Transocean analyses and documentation that supported and were used as the basis for the submission to the US. Transocean is also required to post Consent Decree submissions to the Company's website (www.deepwater.com). Therefore, general compliance with the public posting requirements was also included in the audit.

2.1.3 Review of Requested 'Auditor Reference Materials'

In conjunction with the desk audit reviews of specific submissions to the US, a large number of 'auditor reference materials' were again requested by the Independent Auditor from Transocean in CY 2017. These materials provided additional background and technical information on operations that were relevant to the requirements of the Consent Decree and Performance Plan. More importantly, a review and audit of the requested auditor reference materials was often necessary to verify compliance.

The requested and reviewed auditor reference materials included Transocean's updated company organization charts, internal operating manuals, plans, and procedures; employee training and assessment materials; operational alerts; meeting minutes; drilling rig and equipment maintenance, testing, and inspection records; internal audit reports; and employee records. The Independent Auditor also requested and reviewed internal information on BSEE Incidents of Non-Compliance (INCs) and US Coast Guard Notices of Violation (NOVs) issued for Transocean drilling rigs operating in US waters.

In addition, a large number of internal records and operational event logs for rig incidents were reviewed during CY 2017. These included but were not limited to information on employee injuries, loss of containment events, stop work authority (SWA) events, serious near hit (SNH) and near hit (NH) event, and well control events. Finally, Transocean also continued to provide a large amount of specific information relevant to Consent Decree compliance from the Company's electronic Global Management System (GMS) and Rig Maintenance System (RMS).

One example of the level of effort for the review of auditor reference materials is the review of Transocean's annual BOP preventative maintenance (PM) gap analysis report submitted under Paragraph 15(c)(2) of the Consent Decree. This annual report is provided to the US as a summary document consisting of two pages of specific findings in Transocean's annual report. However, as part of the Independent Auditor review process, Transocean provides electronic files containing hundreds of spreadsheet files detailing Transocean's internal analyses and comparisons of Original Equipment Manufacturer (OEM) recommended PM schedules with Transocean's RMS PM schedule for individual parts and equipment associated with the BOP system. As a result, the Independent Auditor is confident that Transocean's level of effort in preparation of the short annual summary report on BOP preventative maintenance gaps clearly is based on a much large level of effort that meets the general expectation for this type of Consent Decree requirement.

2.1.4 Review and Audit Activities of the Houston Onshore Office

Field audit tasks in CY 2017 included conducting two (2) multi-day working meetings and in-person audits at Transocean's onshore offices in Houston, Texas. During the office audits, Transocean made a wide range of senior managers and employee experts available for interviews and to provide additional information. The additional information these experts provided was especially important for the (1) verification of the Consent Decree-required pre-deployment BOP inspection and testing activities and (2) follow-up on Transocean actions related to the CY 2016 Annual Report observations and various technical observations noted during the CY 2017 review.

As discussed in Section 1.5, Transocean continued in CY 2017 to have employees facilitate live access and viewing of information maintained in and generated by the Company's electronic management systems and internal recordkeeping tools including GMS and RMS. These electronic management systems and internal recordkeeping tools are used and relied upon by Transocean to demonstrate compliance with the majority of the Consent Decree and Performance Plan requirements.

The live access to these systems and tools enabled the continued random generation and/or selection of records for auditing in CY 2017. Transocean's extensive electronic management systems and records also allowed for a comprehensive review of Transocean's records, which was necessary to verify compliance with the selected requirements.

2.1.5 Drilling Rig Field Audits

In CY 2017, field audits of Transocean's drilling rigs were again conducted to provide for direct observation and verification that requirements of the Consent Decree and Performance Plan were being met during drilling operations. This continues to be essential for the Independent Auditor because selected requirements can only be independently and fully verified by direct observation and by review of the operating drilling rigs.

Three (3) drilling rigs operating in the GOM were field audited during CY 2017. The individual drilling rig audits ranged from two to five days in duration. The audited rigs consisted of ultra-deepwater drillships having two (2) different Operators and included one (1) new build drillship during the first year drilling operations in the GOM.

The drilling rigs audited in the field were selected by the Independent Auditor based on criteria that included the type of rig, Operator, activities on the rig, and the length of time the rig has operated in US waters. The dates of the field audits were coordinated with Transocean's internal management system (MS) audits and Transocean drilling. The Independent Auditor had the final decision on the scope and schedule of the drilling rig field audits.

The field audits included the direct observation of two (2) internal (i.e., Transocean) MS audits of rigs during drilling operations. The internal MS audits are part of the “Audit-Review-and-Closeout-Process” under Paragraph 15.a.1 of the Consent Decree and Performance Plan that Transocean implemented and performs routinely. Transocean also uses internal MS audits to fulfill the requirements of the International Safety Management (ISM) code.

Direct, real-time observation of the performance of Transocean’s internal MS audits increase the overall robustness of the compliance verification related to the requirement. In addition, the Independent Auditor’s performance field audits concurrently with the internal audits increases the value of the field audits based on additional observations and information.

As discussed above, one (1) field audit was conducted for the direct observation of Transocean’s operations on a new build drillship during the first year of drilling operations in the GOM. As part of this field audit, the Independent Auditor confirmed the use and familiarity with Transocean’s operational BOP checklists and procedures by Subsea Supervisors and Senior Subsea Supervisors responsible for BOP pre-deployment testing and inspection activities.

The three (3) drilling rig field audits represented approximately a third (33%) of Transocean’s drilling rigs that operated in US waters during the majority of CY 2017. For comparison purposes, the SEMS field audit requirements in 30 CFR Part 250, Subpart S, which reference to COS requirements, require that at least 15% of “the facilities operated” be audited.⁷

The scope of work conducted as part of the field audits continued to include the following:

- Reviewing the rig’s Safety Case, Major Accidents and Hazard Risk Assessment (MAHRA), Emergency Response Plan, most recent audit report of the internal management system, Bureau of Safety and Environmental Enforcement (BSEE) Incidents of Non-Compliance (INCs), and information on rig loss of containment (LOC), lost work time (LWT) events, serious near hit (SNH) events, near hit (NH) events, and ultimate work authority (UWA) stop work events.
- Observing Transocean’s internal management system audit, including meetings, auditor’s inspections, reviews of records, and employees’ interviews.
- Participating in a tour of the rig including key drilling operational areas followed by additional inspections and reviews of other specific areas.
- Observing drilling and marine equipment testing, maintenance, and inspection activities.

⁷ See “Requirements for Third-party SEMS Auditing and Certification of Deepwater Operations” COS-2-03, prepared by the Center for Offshore Safety and dated October 2012.

- Reviewing permit-to-work (PTW) activities, written risk assessments (WRAs), and daily drilling and marine operational procedures.
- Conducting interviews with key personnel that included, but were not limited to, the Master/OIM, Chief Mate, “Well Control Personnel,” and “CAMS Employees,” as defined within the Consent Decree and Performance Plan.
- Conducting interviews with Operator and Contractor personnel, as available.
- Reviewing a wide range of rig-specific inspection and testing records for the maritime and drilling operations related to or required for Consent Decree compliance.

Transocean employees continued to cooperate fully during the planning and performance of the field audits of drilling rigs in CY 2017. The Independent Auditor was provided access to attend rig operational meetings, meet with all employees, and obtain Transocean records requested at the time of the fieldwork or as a subsequent follow-up to the performance of the field audits of drilling rigs.

2.1.6 Other Actions

As part of the CY 2017 review, the Independent Auditor reviewed and observed key Consent Decree training and assessment activities being conducted by Maersk on behalf of Transocean. The observations included attending portions of a Maersk class on “DP Lessons Learned” for Dynamic Position Operators (DPOs) and observing the performance of one (1) day of onshore “Driller-CAP” (D-CAP) assessment on April 18, 2017.

Overall, based on this review and one (1) day of observation, potential concerns or issues related to the Consent Decree were not identified with any aspects of the DP Lessons Learned course or D-CAP assessment. In the Independent Auditor’s opinion, both the DP-Lessons Learned course and D-CAP assessment had excellent instructors and exceptional content that included information tailored to Transocean specific policies and procedures. The Maersk class had interactive instructions, and the D-CAP assessment was clearly designed to challenge the personnel to ensure further competency.

As a further improvement in employee training, drilling rig crews began attending Transocean Integrated Crew Operations Response Training (TICORT) at Maersk during CY 2017. This training program developed by Transocean and Maersk is “designed to provide simulation training that incorporates critical personnel of the rig’s operational team.” Based on course materials and the Independent Auditor’s observation, the training includes integrated simulations that are designed to actively prepare rig crew teams for working together seamlessly and effectively during “high-stress critical operations” including emergency events.

In the Independent Auditor's opinion, the new TICORT course is especially responsive to the Consent Decree's requirement for 40 hours of annual risk assessment and risk management training "designated" employees. The training requires three days to complete. Transocean has committed to running this course through 2018 to cover each rig operating in US Waters.

Finally, the Independent Auditor also met face-to-face with the Consent Decree Process Safety Consultant (PSC) four (4) times during 2017. The purpose of these meetings was to discuss and scope the Independent Auditor's request that the PSC follow-up on observations in the CY 2016 Annual Report and also to obtain PSC review and input for selected potential process safety-related observations noted in CY 2017.

2.2 CLASSIFICATION OF RESULTS

Results of the review and audit of Transocean's compliance with the Consent Decree and Performance Plan requirements were classified into the following four categories:

- Compliance
- Compliance with System Exceptions
- Non-Compliance – Deficiency Finding
- Observations

This classification system is essentially unchanged from that used for prior year reviews. The basis for these classifications is provided in Table 1. The classifications were developed based on the Consent Decree requirements, auditing standards, and guidance from various organizations, as well as professional knowledge and auditing experience.

As discussed in Section 1.1, detailed findings and verification information associated with Transocean's compliance with Consent Decree and Performance Plan requirements are not discussed in this report. This includes programs required by the Consent Decree and Performance Plan or systems that may have had exceptions identified but met the classification "Compliance with System Exceptions." For example, these exceptions may have included limited aspects of Transocean's SEMS program, internal Management System Audit (MSA) program, and Competence Assessment Program (CAP).

As provided in the ISO 19011 Standard on Guidelines for Auditing Management Systems, a "management system" is defined as a "system to establish policy and objectives and to achieve those objectives." During the review and audit of a "management system" or program for overall compliance, the identification of individual deviations and exceptions to strict conformance may not result in a non-compliance deficiency finding.

Table 1: Classification of Review and Audit Results

CLASSIFICATION	DESCRIPTION
Compliance:	There is evidence that a requirement has been met with no exceptions by the Company or a representative sample.
Compliance with System Exceptions:	There is evidence of the development, implementation, and ongoing maintenance of required programs, processes, or systems; any identified exceptions to performance are <u>not</u> associated with systemic deficiencies, and all deficiencies have been corrected.
Non-Compliance – Deficiency Finding:	There is evidence of the failure to meet or fulfill a specific requirement by the Company or a representative sample. Or, There is evidence concerning a lack of development, implementation, or maintenance of required programs, processes, and systems, including the identification of systemic deficiencies in the implementation or maintenance of the required programs, processes, or systems.
Observations:	Material observations include evidence of current practices, procedures, operations, or conditions that (1) were not non-compliance related issues but could potentially result in future non-compliance issues or (2) represent potential process safety or drilling risk management issues. Additional observations may include questions and requested clarifications on issues that are subsequently closed without meeting the criteria for classification as a Material observation.

A non-compliance deficiency finding for a management system or program requires evidence of a clear gap in the development, implementation, and maintenance of the systems or a program’s major elements or aspects.

2.3 LIMITATIONS AND REPRESENTATIONS

As discussed in Section 1.3, Transocean’s submissions to the US that were subject to regulatory agency review were not reviewed for determinations of compliance with applicable regulatory requirements. This approach was based on the Consent Decree’s provisions for the role of the Independent Auditor.

The Independent Auditor’s review and the audit scope also do not include a technical “expert” evaluation of the accuracy and content of Transocean’s reports submitted to the US. The verification of compliance focused on the milestone date and a review to determine if the report was generally responsive to the Consent Decree and Performance Plan requirements. These

requirements could include specific content, incorporating and using prescribed factors (e.g., technical feasibility, applicability, cost benefits) in the preparation of the report, and following specific procedures. In cases where the information contained in required Transocean CY 2016 annual reports were limited by confidentiality issues, the Independent Auditor requested and Transocean made available for review detailed backup information and analyses used as the basis for the submitted information.

In addition, all compliance reviews and audits involved performing tasks and undertaking procedures to obtain and review information or evidence determined to be necessary by the auditor to meet the objective of the audit. The tasks and procedures selected for this review depended, to a certain extent, on professional judgment, including an assessment of the risks of material misstatement of the findings.

In making those auditor risk assessments, Transocean's existing internal systems, procedures, and controls relevant to Transocean's compliance with the Consent Decree and Performance Plan requirements were considered. Consistent with generally accepted auditing practices, only a representative sample of Transocean's records or equipment may have been reviewed or inspected to meet the specific requirements of the Consent Decree and Performance Plan. For instance, when professional judgment was used to select samples for review and inspection, the objective was to minimize the risk of a material misstatement of the findings. Review and audit findings that required direct observation during field audits of the drilling rigs are also based on the onsite time periods.

Information required to complete the review and audit was primarily obtained from Transocean, including reports from the Company's electronic management systems; reports, plans, and procedures from the Company's document control system; and interviews of employees. To a much lesser extent, technical and regulatory information also was prepared by external, third-party entities. The external third-party information included pre-deployment inspection, maintenance, and testing verification records for well drilling operations. The information and records from Transocean or other external sources that were relied upon to verify compliance and form opinions were assumed to be true, accurate, and complete.

Certain provisions of the Consent Decree and Performance Plan are subject to potential interpretation because specific definitions are not provided within these documents. Compliance with these provisions was based on Transocean's interpretations unless specific interpretation information was provided by US agency representatives. In cases in which Transocean's interpretations were used, these interpretations appeared to be reasonable and were fully disclosed to the US agency representatives.

Finally, selected interpretations associated with verification of compliance with the requirements of the Consent Decree and Performance Plan may have also been discussed in the Independent Auditor's Annual Reports for CY 2014, CY 2015, and CY 2016. These interpretations continued to apply to the performance of the CY 2017 review and the preparation of this CY 2017 Annual Report.

3.0 FINDINGS

Based on the results of the review and audit, it is the opinion of the Independent Auditor that Transocean was in full compliance with the hundreds of Consent Decree and Performance Plan obligations applicable to CY 2017, with the exception of one (1) reporting compliance deficiency. Additional information on this one exception to full compliance is provided below.

The findings of non-compliance identified in this (and past) annual reports should also be evaluated in the context of the large number of Consent Decree and Performance Plan compliance obligations that have been fully met by Transocean. Transocean continued to be subject to more than 140 separate Consent Decree and Performance Plan requirements that often included multiple compliance items occurring throughout 2017.

More importantly, Transocean's single compliance deficiency in 2017 was not associated with Transocean's implementation and performance of the additional risk management provisions and programs for drilling operations required by the Consent Decree and Performance Plan. Instead, the exception to compliance was related to a reporting gap on the submission of required information in 2017.

Finally, the one (1) exception to Consent Decree compliance in CY 2017 did not result in material deficiencies in Transocean's drilling rigs' Major Accident and Hazard Risk Assessments (MAHRAs) or operational oversight of drilling operations. In addition, the non-compliance finding does not indicate that material deficiencies are present in Transocean's internal management system(s) for drilling operations. Therefore, Transocean's internal management system continues to meet offshore Operator SEMS requirements contained in 30 Code of Federal Regulations (CFR) Part 250, Subpart S.

3.1 INITIAL SUBMISSION OF INCOMPLETE LISTS OF CERTAIN EMPLOYEES

Section 15.d of the Performance Plan includes provisions that require Transocean to annually submit to the US government lists of all "Well Control Employees and Designated Employees" and all "CAMS Employees" working on rigs within waters of the United States. These lists are required by Sections 15.d.1&2, 15.d.3 and 15.d.5, of the Performance Plan. The lists are to be submitted by April 2nd of each year.

Transocean has submitted these employee lists annually beginning in 2014. The required employee lists for CY 2017 were submitted by Transocean on March 29, 2017. However, in August 2017, Transocean self-reported that the lists for the employees working on rigs within waters of the United States submitted in March were incomplete. The March 2017 lists that were submitted did not include the names of the applicable crew members of the Deepwater Conqueror rig that had begun operations in the GOM December 16, 2016.

This non-compliance finding was identified by Transocean during preparation for the Independent Auditor's mid-year audit and review at Transocean's Houston Office that was scheduled for August 2017. Based on information from Transocean and the IA's independent evaluation, the root cause of the reporting deficiency appeared to be the timing of a new human resource (HR) computer software system's implementation and administrative oversight.

In response to the finding, Transocean submitted updated lists that included the names of the Deepwater Conqueror rig crew on August 8, 2017. The Independent Auditor incorporated this updated information in the review and audit of Transocean's CAMS and CAP compliance for CY 2017. It is also important to note that Transocean has different systems for tracking employee training and competency requirements required by the Consent Decree. Transocean was tracking all applicable Deepwater Conqueror crew members to ensure competency during the first half of 2017. This issue was reviewed and evaluated by the Independent Auditor during the Houston Office audit in August 2017.

To prevent reoccurrence, Transocean's Obligations Team will receive written confirmation from HR when the location for a rig and its employees arriving in the waters of the United States is changed. In addition, HR has committed to independently review the reports used by the Obligations Team to generate the 15.d lists prior to submission.

4.0 CY 2017 OBSERVATIONS

As during previous years, the Independent Auditor note a large number of observations during the review and audit of Transocean's compliance with the Consent Decree and Performance Plan in CY 2017. As discussed in Section 2.2, 'material' observations are defined as findings associated with practices, procedures, operations, or conditions that (1) were not a current compliance deficiency but could potentially result in a future compliance deficiency or (2) represent potential process safety or drilling risk-management issues. General observations may be related to follow-up questions and clarifications regarding specific Transocean actions or various information provided to the Independent Auditor.

As part of the CY 2017 review and audit, approximately 40 observations were reported to Transocean for additional formal discussion and follow-up. These observations may or may not have been related to a Consent Decree compliance requirement. For observations not directly linked to specific Consent Decree requirements, the observations were still often related to Transocean's management systems and operational activities used to ensure operational integrity, SEMS compliance, and HSE performance.

More than half of the CY 2017 observations related to follow-up questions and requested clarifications on Transocean's Management System (MS) audits of rigs operating in US waters. The questions and requests for information included aspects related to the performance of the audits, the nature of the findings identified in the audits, and confirmation of Transocean's required tracking and performance of corrective actions for specific MS audit findings. As part of the typical follow-up for each observation, Transocean was requested to provide additional documentation and clarification information regarding each observation. After review and evaluation of any additional information, an observation may have been closed-out or continued as an item for ongoing follow-up.

Additional information on three (3) CY 2017 'material' observations that will include CY 2018 follow-up is provided below. Material (and general) observations not included below were related to questions, clarifications, and issues that have been discussed with Transocean and closed out. The exclusion of these observations from further discussion was based on the final nature of the observations (i.e., question, clarification, or opinion) and Transocean's completion of all follow-up actions for the observations.

4.1 MANAGEMENT SYSTEM AUDIT PROGRAM

During CY 2017, specific follow-up with Transocean was conducted on what, in the Independent Auditor's opinion, were limitations and potential non-conformances with Consent Decree and SEMS requirements in Transocean's MS audit program. Paragraph 15.a.1 of the Consent Decree requires Transocean to develop and maintain an "Audit-Review-and-Closeout Process" that: (1) ensures the follow-up and close-out of rig audit findings and, (2) any "material

deficiencies” identified during an audit related to a rig’s Major Accidents and Hazard Risk Assessment (MAHRA) are reported to the US and corrected within 60 days, unless an extension is provided.

To meet this requirement, Transocean revised the Company’s audit program to be a risk-based MS audit program in September 2014. This updated MS audit program was designed to incorporate the review and evaluation of a rig’s MAHRA barriers and mitigation controls during MS audits of the rig’s operations. However, as of CY 2017, Transocean’s formal MS audit policy and procedures continues to contain a potential gap in the review and follow-up on audit findings related to potential process safety and operational integrity aspects of rig operations. It is important to note that over the past couple of years, the Independent Auditor has provided Transocean with specific input regarding MS audit process improvements and Transocean has taken these into consideration in making important interim improvements as described below.

As background, Transocean’s MS audit policy classification system includes definitions for findings to be categorized into three categories:

- Major Non-Compliance;
- Non-Compliance; and
- Audit Observation.

Based on the Independent Auditor’s review, the definition of a “Major Non-Compliance” finding incorporates deviations from Transocean policies, procedures, and requirements that generally would include MAHRA process safety and operational integrity deficiencies when these deficiencies pose a “serious threat” to personnel, the rig, or the environment, or when the deficiencies were not mitigated by other risk barriers and controls. However, the MS audit policy’s definition of a “Non-Compliance” finding is limited to the failure to comply with policy, procedures or other requirements related to Transocean’s “Life Saving Rules” that also do not represent a serious threat to personnel, the rig, or the environment. Furthermore, Transocean’s Life Saving Rules generally focus on personnel safety and do not specifically address process safety and operational integrity risks.⁸

As a result of this classification system, a gap is present in the MS audit policy for audit findings related to deviations in policies and procedures for rig operations and equipment that may include critical process safety and operation integrity aspects. For example, audit findings related to non-conformance with important Transocean policies and procedures for drilling operations can be classified as Audit Observations, which is essentially is any audit finding not classified as a Major Non-Compliance or Non-Compliance. Based on the Independent Auditor’s review, these types of Audit Observations can include findings related to (1) drill crew performance of drills and other required Transocean procedures and (2) preventative maintenance of equipment that are components of key MAHRA barriers or controls.

⁸ For example, the process safety and operational risks could include deviations from barriers and controls for well control, mechanical integrity, mud and cement system, and rig stability aspects that are detailed in the rig MAHRA.

The Audit Observation classification issue and follow-up gap were initially reported to Transocean by the Independent Auditor as a ‘material observation (i.e., potential Consent Decree and SEMS non-conformance) in early 2016. This was because the Transocean MS audit policy provided for the rig Master/OIM to determine if Audit Observations required a root cause analysis that would only then trigger tracking and follow-up in Transocean’s FOCUS management system. However, the Consent Decree requires an audit program that:

- “maintains an Audit Review and Close-out process overseen by Transocean’s onshore management” and;
- “Ensure s the follow-up and close-out of rig-specific audits.”

In addition, SEMS regulations require a company to “document the response to each finding to ensure that corrective actions are completed.”

Based on this information, Transocean made the first change in the MS audit process and began requiring all Audit Observations to be entered into FOCUS for Master/OIMs to develop corrective actions and to ensure the onshore management tracking of the close-out of the Audit Observations. This change was completed by mid-2016. Therefore, the Consent Decree and SEMS non-conformance issue regarding the potential lack of follow-up on Audit Observations related to MAHRA process safety and operational integrity deviations was eliminated.

However, during the remainder of CY 2016 and CY 2017, the Independent Auditor’s review of MS audit reports and direct field observation of MS audits continued to note that important deviations from Transocean policies and procedures that related to MAHRA barriers and controls were, by MS audit policy, subject to classification as Audit Observations. . Furthermore, in the Independent Auditor’s opinion, the continued use of the MS audit finding’s category of “Audit Observation” instead of “Non-Compliance” resulted in the potential for Transocean management and employees to not fully recognize the impact that these deviations could have on a rig’s operational integrity and process safety.

This operational integrity/process safety recognition issue was especially concerning when multiple Audit Observations related to the same rig operation (i.e., station keeping, drilling operations) were identified during an MS audit. In these cases, unless the multiple findings posed an immediate and serious threat to the rig, these findings remained classified as Audit Observations. In addition, prior to 2017, Transocean’s MS auditors completed the classification of all audit findings while still on the rig prior to the presentation of a draft report of the findings at the close-out meeting. Therefore, the time was available for SME input to evaluate the potential impacts of multiple Audit Observations on a MAHRA barrier and the process safety or operational integrity aspects of a rig’s operations was very limited.

Based on these findings and to further improve the MS audit program, Transocean implemented in early 2017 the second change in the audit process that specified that all audit findings were to be reported at the rig close-out meeting, but without classification. Final classification of the audit findings was to be completed onshore during final report preparation. The change in the audit classification process provides for additional SME and onshore management review of the audit findings for classification. The change also further ensures that when multiple findings are identified during an audit as related to a single MAHRA barrier, the evaluation for classification as a “Major Non-Compliance” finding has sufficient time, and expertise applied.

In the Independent Auditor’s opinion, this second change (and improvement) in the audit process contributed to Transocean’s identification of the first MS audit “Major Non-Compliance” finding for a rig operating in the US since the inception of the Consent Decree audit program. This Major Non-Compliance finding was reported in December 2017. The Major Non-Compliance finding was classified as such based on the recognition that multiple individual deviation findings all related back to the operational integrity of a single MAHRA barrier and control. Transocean has reported this Major Non-Compliance in full compliance with the Consent Decree and is conducting corrective actions as required in the time frame provided under the Consent Decree.

Based on this information, Transocean’s MS audit program appears to be operating effectively. However, as of the end of CY 2017, the two important changes in the MS audit process described above have not been formally incorporated in Transocean’s MS audit policy submitted under the Consent Decree in September 2014.

Transocean has indicated to the Independent Auditor that an updated MS audit policy is expected to be issued during the first quarter of 2018. In addition, this updated policy will include changes to the MS audit program that eliminate Audit Observations and formally provide for the final classification of audit findings while onshore. During the CY 2018 review, the Independent Auditor will follow-up on these proposed actions and continue to evaluate the effectiveness of the risk-based MS audit program.

4.2 TRANSOCEAN ANNUAL REPORT - INCIDENT TRACKING SUMMARIES

During CY 2017, the Independent Auditor’s review confirmed that the Consent Decree and Performance Plan language in Paragraph 15.g for Incident Tracking Reporting appears to be broader than historically interpreted and completed by Transocean for this obligation. Transocean has historically reported the following, as required:

- corrective maintenance and inhibits of safety-critical designated equipment;
- ultimate work authority (UWA) stop-work authority (SWA) events;
- near hits (NH) and serious near hit (SNH) incidents; and
- major loss of containment incidents.

However, this obligation's language also states the annual reporting of "any incidents involving Transocean Defendants' employees or contractors that Operators are required to report under 30 C.F.R. § 250.188 (as modified to include reporting of property or equipment damage greater than \$250,000 in value)". Incident reporting under 30 C.F.R. § 250.188 requires the reporting of a number of types of incidents that may not be covered by the Consent Decree specific items noted above including:

1. All injuries that require the evacuation of the injured person(s) from the facility to shore or another offshore facility [§250.188 (a)(2)];
2. All fires and explosions [§250.188 (a)(4)];
3. All incidents involving crane or personnel/material handling operations [§250.188 (a)(8)];
4. All incidents that damage or disable safety systems or equipment (including firefighting systems) [§250.188 (a)(9)];
5. Any injuries that result in one or more days away from work or one or more days of restricted work or job transfer. One or more days means the injured person was not able to return to work or perform all of their normal duties the day after the injury occurred [§250.188 (b)(1)]; and
6. All incidents that require operations personnel on the facility to muster for evacuation for reasons not related to weather or drills [§250.188 (b)(3)].

Based on the Independent Auditor's review, Transocean's prior annual reporting of UWA SWA events, near hits, and serious near hits have included the vast majority of the incidents that would have required reporting under 30 C.F.R. § 250.188. However, the UWA/ SWA and NH/SNH incidents were not broken down and reported in an annual roll-up that included the specific categories identified in 30 C.F.R. § 250.188.

For example, Transocean has not separately reported in their annual report the injuries that required evacuation or that resulted in one or more days of lost work time. In addition, there have been incidents noted by the Independent Auditor, such as small fires, that would not have been reported separately or included in Transocean's annual incident totals.

The Independent Auditor is aware that there has been at least one (1) interpretation of the Incident Tracking reporting requirements submitted by Transocean to the US regarding the language contained in Paragraph 15.g for Incident Tracking Reporting. As a result, in the Independent Auditor's opinion, a broader interpretation of the Consent Decree language by Transocean is reasonable. Furthermore, US agency representatives have not commented on Transocean's prior CY 2014, 2015 and 2016 Incident Tracking Summary Tables included in annual reports.

To correct this ‘material’ observation and non-conformance, Transocean has agreed to include in the Company’s CY 2017 Annual Report and all future reports an Incident Tracking Summary that reports all the incidents listed in 30 C.F.R. § 250.188 (as modified with the \$250,000 property value damage stipulation). As part of the CY 2018 review, the Independent Auditor will review the CY 2017 Incident Tracking Summary for accuracy and completeness. If omissions and/or errors are present in the CY 2017 summary, these omissions and/or errors will be classified as a Consent Decree non-compliance finding.

4.3 SCE INHIBITS TRACKING

Paragraph 15.g of the Consent Decree requires Transocean to annually report the corrective maintenance and inhibits (i.e. “temporary disabling”) of all safety-critical designated equipment (SCE). For example, SCE systems would include but not be limited to fire and gas alarm and suppression systems on a rig.

As part of compliance with the Consent Decree, Transocean has provided US agency representatives with additional information on identified SCE systems on rigs and the company’s interpretation of when an “inhibit” occurs. Based on this guidance, the Independent Auditor has conducted reviews of the required tracking or inhibits by Transocean rigs.

Beginning in 2016 and continuing in 2017, the Independent Auditor has identified large differences in the number and type of SCE inhibits tracked by Transocean rigs. Overall, these differences appear to result in selected rigs tracking and, therefore, reporting significantly greater numbers of inhibits. Based on additional follow-up, these differences appear to be appropriate and result from the type and mode of operation for the computerized fire and gas control system on the rigs. However, the Independent Auditor has also identified a limited number of instances where it appears SCE inhibits requiring tracking have not been recorded by rigs for eventual annual reporting. The tracking issue does not appear to be a systemic problem but an individual performance issue.

Based on these findings, Transocean agreed in CY 2017 to revisit the guidance and employee training on inhibit tracking to obtain greater consistency across rigs operating in the GOM. The Independent Auditor will follow-up on the inhibit tracking information reported for CY 2017 and further evaluate again in 2018.

5.0 CY 2016 OBSERVATIONS FOLLOW-UP

As part of the CY 2017 review and audit, a follow-up was also conducted by the Independent Auditor on the observations noted in the CY 2016 Annual Report. As part of the CY 2016 review and audit, five (5) material observations were discussed in the annual report.

For purposes of clarity, a summary of the corrective actions, follow-up review results, and additional information generated for the reported CY 2016 observations is provided below. Based on this information, these CY 2016 observations are now classified as closed, with the exception of the Observation 5.5 on BOP rubber parts management.

5.1 ANNUAL CAMS AND CAP EMPLOYEE LIST - SENIOR DPO REPORTING

Transocean's annual list of CAMS and CAP employees that Transocean submitted to the US in January of 2014, 2015 and 2016 under Paragraph 15.d.5 was identified as not including any employees working on drilling rigs with the job title Senior Dynamic Positioning Operator (Senior DPO). This exclusion on the list appeared to result from Transocean's interpretation of the Consent Decree and Performance Plan language describing the reporting requirement. To resolve any Consent Decree reporting uncertainty, Transocean agreed in CY 2016 to include Senior DPOs in all future annual lists of CAMS and CAP employees.

Based on follow-up reviews conducted by the Independent Auditor, the CAMS and CAP Employee lists submitted by Transocean in CY 2017 under Paragraph 15.d.5 included the required names of applicable employees with the job title Senior DPO.

5.2 2016 MANAGEMENT SYSTEM CHANGES – PSC REVIEW

During 2016, Transocean implemented company management system updates and changes that included revised policy and the use of new procedures. The Independent Auditor was uncertain as to whether the revised policy's new rig specific "Procedures" that related to a Major Hazard Barrier in a rig's Safety Case had the same level of management control, risk assessment transparency, and performance as the prior management system process.

Based on this uncertainty, the Independent Auditor recommended that the Consent Decree Process Safety Consultant (PSC) review the management system changes and updates as part of the PSC's required 2017 supplemental process safety review mandated under the Consent Decree (the PSC Supplemental Review).⁹ During 2017, the Independent Auditor and Transocean met with the PSC and discussed the incorporation of this request in the PSC Supplemental Review.

⁹ "Assessment of Process Safety for Transocean Deepwater MODUs, Well Control, Blowout Preventers, Testing and Maintenance, Training, SUPPLEMENTAL REPORT", prepared by Dr. Malcolm Sharples with Offshore : Risk & Technology Consulting Inc., and dated October 17, 2017.

As required, the PSC's supplemental review and evaluation of Transocean's process safety was issued in the fall of 2017 (the PSC Supplemental Report). The PSC Supplemental Report and follow-up evaluations incorporated a review and evaluation of the revised Transocean management system policy and use of the new rig "Procedures."

As discussed in the PSC Supplemental Report and follow-up evaluations, Transocean rigs create rig "Procedures," to document the "sequence of rig specific risk assessed task steps, including controls, for a task to be completed safely and efficiently and where a Controlled Procedure does not already exist." These rig "Procedures" are ultimately approved by the rig OIM/Master. According to the PSC's evaluation, the rig "Procedures" are "highly rig specific and mainly focus on the peculiarities of specific equipment used on the rig that is unique to the rig and thus is not considered significant to process safety."

The PSC further concluded that the change in the management system to the use of the Task Planning and Risk Assessment (TPRA) process still requires that "all tasks are planned, hazards are identified, risk assessed and monitored." Therefore, the PSC's opinion was that rig personnel are still instructed that risks are to "be reduced to as low as reasonably practicable (ALARP), a standard that is well known in the international community for the highest appropriate level of safety."

Based on these findings, the PSC did not report that the revised management system policy and procedures resulted in any degradation of Transocean's process safety and risk management controls or systems.

5.3 HYDROCARBON GAS-IN-MUD AND TRANSOCEAN'S STOP HOT WORK POLICY

Based on observations in CY 2015 and CY 2016, the Independent Auditor recommended that the PSC evaluate the process safety aspects of Transocean's gas-in-mud stop hot work policies and procedures as part of the required supplemental review to be conducted in 2017. In addition, the Independent Auditor was to follow-up with BSEE on any additional agency or industry-wide information or findings on the gas-in-mud safety observation.

During 2017, the Independent Auditor and Transocean met with and discussed the incorporation of this request in the PSC's Supplemental Review that was being conducted in 2017. According to the PSC, the process safety aspects of gas-in-mud stop hot work issue were "explored on several occasions with subject matter experts in Transocean and independently with industry experts."

According to the PSC's evaluation, Transocean's gas-in-mud stop hot work criteria were set "much lower than the primary protection for rig and crew which is the gas alarms set at 20% of Lower Explosive Limit which warn the crew and require immediate action." According to the PSC, the gas-in-mud stop hot work procedure was "helpful to watch the trends as an early warning" but that it was a "secondary system." Further, the PSC noted that the primary purpose of the gas-in-mud detection system was for "well hydrocarbon detection information."

Based on these findings, the PSC did not report that the variability in gas-in-mud stop hot work criteria across rigs and various rigs “Procedures” resulted in any degradation of Transocean’s process safety and risk management controls or systems. The PSC did endorse the Independent Auditor’s recommendation that there needs to be “good communication as to the warning alarms and the meaning” of the gas-in-mud levels on Transocean’s rigs.

Finally, the Independent Auditor was not informed of any additional follow-up actions or information on this observation by BSEE during CY 2017. Transocean did issue a Fire Prevention US OI and HSE Advisory on this topic in November 2017. This actions was then followed by Transocean issuing a Controlled Procedure in December 2017. The advisory and procedure specified a maximum allowable threshold for stopping hot work of a 20% or more concentration of gas in mud as recorded by the mud logger. Individual drilling rigs may also still establish a lower allowable threshold at the discretion of the Operator and Master/OIM.

5.4 EMERGENCY RESPONSE PLAN (ERP) MANUALS – PSC REVIEW

In 2016, Transocean submitted revised Emergency Response Plan (ERP) Manuals for rigs operating in US waters for review by US agency representatives. Based on the Independent Auditor’s review, inconsistencies and changes in the revised ERPs and selected emergency checklist’s actions were identified across Transocean rigs that were in the same or similar class. In addition, recommended times previously included in ERP checklists for step-by-step emergency actions taken in the case of a specific emergency event were eliminated in the revised versions. As a result, the Independent Auditor also recommended that the PSC review the revised ERP manuals, including the emergency event “checklists” within the ERP manuals as part of the PSC Supplemental Review.

The PSC completed a review of the ERPs and “checklists” for new Transocean rigs entering the Gulf of Mexico (GOM) in 2016 and 2017. Based on the review and follow-up evaluations, the PSC noted there are “minor” differences noted in the checklists, but the PSC found that the ERPs (including checklists) were “substantially the same document.” Further, the PSC also confirmed that the previous versions of the ERP checklists for Transocean rigs contained estimated times. However, the PSC noted that the use of times for emergency actions in the checklists, were “quite misleading, and appropriately, the new versions do not reflect any specific times.”

The PSC recommended as “prudent” that Transocean examine and compare the ERP manuals and to the extent that one uniform language is an improvement to “have them as identical unless there is a good reason for the wordings to differ.” The Independent Auditor also understands that Transocean is reviewing the action items and specific language included in the ERP checklist for Hydrogen Sulfide (H₂S) gas events to provide additional clarity and consistency in CY 2018. This review is being undertaken based on Independent Auditor’s observations on the ERP checklist content and H₂S gas emergency events in CY 2017.

5.5 BOP-RELATED EQUIPMENT - RUBBER PARTS MANAGEMENT

During CY 2016 field audits of Transocean drilling rigs, the Independent Auditor identified that numerous BOP rubber goods in the warehouses on the rigs did not have expiration dates noted on the packaging, including Transocean labels that provide for this information. Expiration dates for a subset of these rubber goods were also not recorded in the electronic records system maintained by the Materials Manager on the rig at the time of the audit. Transocean's global supply chain procedures require rubber goods used in critical equipment to have marked expiration dates on the items and be logged into the electronic system.

Based on these findings, the Independent Auditor notified Transocean that detailed inspections of rig warehouse rubber rooms for BOP-related parts management would be conducted in more detail during CY 2017. The purpose of these inspections was to ensure that rubber goods were managed in accordance with Transocean's policies and any expiration labeling or storage non-conformances identified were not evidence of a systemic deficiency in the Transocean management system.

During 2017, the Independent Auditor conducted detailed inspections of rubber rooms used for BOP-related parts on three (3) Transocean rigs during field audits. These more detailed inspections typically required twice the time to complete than the previous years' inspections. Based on the inspection results, no significant non-conformances with Transocean's rubber goods storage and labeling policy were identified for two of the three rigs. The single rig that did have a number of non-conformances with Transocean's policy was new to US waters and had previously operated overseas.

In the Independent Auditor's opinion, the findings indicate that this single rig's non-conformances were not evidence of a "systemic" deficiency in Transocean's management system. Also, these non-conformances were immediately follow-up upon by Transocean management with the rig Master/OIM and the corrective actions tracked in Transocean's GMS. These actions indicated to the Independent Auditor that Transocean's management system and corrective action loop is working effectively.

As part of the CY 2018 review and audit, the Independent Auditor will also continue to inspect warehouse rubber rooms for BOP-related parts management in accordance with Transocean policies to ensure that this observation is not a system deficiency in the management system.

6.0 CONCLUSIONS

Based on the Independent Auditor's review and audit, Transocean was in material compliance with the Consent Decree and Performance Plan in CY 2017. As discussed in Section 3.0, only one (1) compliance deficiency finding was identified for CY 2017. This single deficiency was associated with a reporting omission in the initial lists of CAMS and CAP employees that are required to be annually submitted by Transocean by April 2nd of each year. The Independent Auditor also noted three (3) 'material' observations during the CY 2017 review for additional discussion and follow-up as part of the CY 2018 review.

In the Independent Auditor's opinion, the single deficiency identified for CY 2017 was not associated with Transocean's implementation and performance of the risk management provisions and programs for drilling operations required by the Consent Decree. In addition, this non-compliance finding did not result in deficiencies in Transocean's drilling rigs MAHRAs or the Company's operational oversight of drilling operations. Furthermore, Transocean's current internal management system continues to comply in CY 2017 with SEMS requirements in 30 CFR Part 250, Subpart S.

In accordance with Paragraph 22 of the Performance Plan, Transocean is to respond to any "deficiencies" noted in the Independent Auditor's draft report and develop a corrective action plan within 30 days of receipt of the draft report. The draft report was submitted to Transocean on February 1, 2018. The corrective action plan is then to be submitted with the final report that is to be submitted to the US by April 2, 2018.

Transocean's response to the identified compliance deficiencies for CY 2017 is provided in Appendix B of this final report. This includes a discussion of the actions already undertaken and completed by Transocean or planned for implementation and completion to correct the identified compliance deficiencies. Appendix B also includes Transocean's discussion of the CY 2017 'material' observations discussed within the final report.

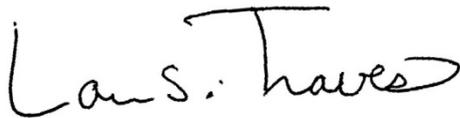
7.0 CERTIFICATION

The undersigned hereby certifies that:

The reported analyses, opinions, findings, and conclusions contained within this report are personal, unbiased, professional, and limited only by the assumptions and qualifications stated herein. Compensation was not contingent upon an action or an event resulting from the analyses, opinions, findings, or conclusions in, or the use of, this report. This project was performed in accordance with accepted practices prevailing in the health, safety, environmental, and quality (HSEQ) auditing and consulting industries.

The Independent Auditor, Mr. Traves, has more than 25 years of HSEQ experience, including acting as the Lead Auditor on SEMS and HSEQ compliance audits. He has conducted comprehensive SEMS, HSEQ compliance, and HSE system audit projects for more than 100 operations located both onshore and offshore throughout North America.

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APPENDIX A

Summary of the Consent Decree and Performance Plan Requirements Articles VI and VIII

Appendix A

Summary of the Consent Decree Performance Plan Requirements – Articles VI & VIII*

Paragraph Reference	Topic	General Requirements
15.a.1.a	Drilling Operations - Audits	Do not conduct any Drilling Operations unless the Company designs, implements, and maintains an Audit-Review-and-Closeout Process overseen by Transocean's onshore management that: <ul style="list-style-type: none"> i. Ensures the follow up and closeout of rig-specific audits; and ii. Ensures that all material deficiencies related to rig's Major Accidents and Hazard Risk Assessment ("MAHRA") identified in an audit are corrected within sixty days of identification, unless Transocean's supervising auditor or manager agrees in writing to a longer time period
15a.1.b	Drilling Operations - SEMS	Develop a Management System which complies with Operators' Safety and Environmental Management System ("SEMS") for owned or operated rigs, vessels, and facilities operating in the Waters of the United States. Certify that a Management System is in place that complies with SEMs.
15.a.2	Stop Work Authority (SWA)	Do not conduct any Drilling Operations unless the Company establishes a Stop-Work Authority procedure that: <ul style="list-style-type: none"> i. Is consistent with International Safety Management ("ISM") code, SEMS, and federal regulatory requirements; and ii. Grants all personnel and contractors the responsibility and authority, without fear of reprisal, to stop work on Transocean's rigs, vessels, or facilities, or decline to perform an assigned task when such person perceives any significant risk or danger exists (including but not limited to: loss of well control, spill, blowout, and/or loss of life).
15.b	BOP Certification	Do not conduct any Drilling Operations unless the Company provides to the United States prior to the time of the initial deployment of the BOP on a well operation, written certification that: <ul style="list-style-type: none"> i. Scheduled preventive maintenance provided by API Standard 53 for the BOP to be utilized has been performed; ii. All repairs done to the BOP utilized only Original Equipment Manufacturer ("OEM") parts, unless the OEM cannot supply the necessary part, and were completed by Competent Personnel as defined in the Consent Decree. iii. All batteries used in the BOP emergency control systems (including, e.g., deadman, autoshear) have been maintained according to the OEM recommendations; and iv. The blind shear rams were surface tested in accordance with OEM specifications and regulatory requirements.

Appendix A

Summary of the Consent Decree Performance Plan Requirements – Articles VI & VIII*

15.d.1 & 15.d.2	Well Control Competency Assessments	<p>Develop, implement, and maintain documentation for a Well Control Competency Assessment plan for all Transocean personnel (including: Offshore Installation Manager (“OIM”), Senior Toolpusher, Toolpusher, and Driller) responsible for conducting or oversight of Drilling Operations on Transocean’s owned, operated, or contracted rigs (collectively “Well Control Personnel”) that:</p> <ul style="list-style-type: none"> i. Includes well control competency requirements for Well Control Personnel that exceed the competency requirements set forth in 30 C.F.R. §§ 250.1500-1510 (Subpart O); ii. Identifies skill sets and other competencies needed to recognize, evaluate, and respond to Well Control events; iii. Provides for the training and assessment of skills and competencies necessary for those events; and iv. Provides appropriate corrective actions for personnel who do not demonstrate the identified skills or competencies, including but not limited to, ensuring that any such personnel who have not demonstrated such skills and competencies shall work under direct
15.d.3	Training	<p>Require all offshore management who conduct or oversee Drilling Operations, specifically the OIM, Senior Toolpusher, Toolpusher and Driller (collectively, “Designated Employees”) to complete at least forty (40) hours of training each calendar year related to:</p> <ul style="list-style-type: none"> i. Outer Continental Shelf (“OCS”) well control operations; ii. Principles of process safety; or iii. Risk Management.
15.d.5	CAMS	<p>Implement and maintain a Competence Assessment Management System (“CAMS”) to develop standards of competence required across Transocean’s United States fleet for Drillers, Senior Subsea Supervisors, Subsea Supervisors, and Dynamic Positioning Officers (collectively, “CAMS Employees”) and to ensure that those job positions are receiving the correct training for their positions. The CAMS process shall:</p> <ul style="list-style-type: none"> i. Obtain third-party certification of its CAMS process from the Offshore Petroleum Industry Training Organization (“OPITO”); ii. Assess risks associated with CAMS Employees; and iii. Audit training and employee competency records to assure that CAMS Employees are adequately receiving the correct training for their positions.

Appendix A

Summary of the Consent Decree Performance Plan Requirements – Articles VI & VIII*

15.d.6	Competence Assessment Program	<p>Use a Competence Assessment Program (“CAP”) to assess the capability of Drillers, Senior Subsea Supervisors, Subsea Supervisors, and Dynamic Positioning Officers (collectively, “CAP Employees”) to operate at the CAMS established levels of competence. The CAP shall:</p> <ul style="list-style-type: none"> i. Establish a single standard of competency in each job; ii. Be reviewed semi-annually to identify any potential gaps in on-the-job training and/or classroom training programs; and iii. Be updated, changed, or supplemented at least once each calendar year.
15.d.7 & 15.d.8	Operational Alerts	<p>Develop and commence continuous operation of the Global Management System (“GMS”) to forward operational alerts issued at the corporate level to Transocean’s rigs operating in the Waters of the United States.</p> <p>Require confirmation from the Offshore Installation Managers (“OIMs”) that operational alerts have been received and that the required actions are being taken.</p>
15.f.	Records	<p>Maintain both offshore and onshore copies of all records related to the United States-required drilling and production tests of drilling equipment owned by Transocean.</p> <p>Submit the records to the United States upon request.</p>
15.g	Incident Tracking Report	<p>Annually prepare an Incident Tracking Summary Report documenting all corrective maintenance and inhibits (i.e., the temporary disabling) of safety critical designated equipment, stop-work events, near hits and serious near hit incidents, major loss of containment incidents, and any incidents involving Transocean’s employees or contractors that Operators are required to report under 30 C.F.R. § 250.188 (as modified to include reporting of property or equipment damage greater than \$250,000 in value). The Incident Tracking Report shall include trend analysis for the categories of incidents listed above.</p>
16.a,b	Oil Spill Training	<p>Provide training at least once per calendar year on the National Incident Command System (“ICS”) to Transocean’s personnel engaged in any function associated with emergency planning, preparedness, and response for any drilling rigs.</p> <p>This training requirement applies to the following personnel: Health, Safety, and Environment (“HSE”) Vice President (now titled Vice President of HSE), Vice President of the Americas, HSE Director (now split into Director HSE Field Support and Director HSE Services), HSE Manager, Sector Manager and General Manager (now titled Operations Director), Operations Managers, and Rig Managers (collectively, the “Emergency Response Team” or “ERT”).</p>

Appendix A

Summary of the Consent Decree Performance Plan Requirements – Articles VI & VIII*

17.b	Oil Spill Drills - Actual Notification	<p>Quarterly, by the last day of March, June, September, and December of each calendar year, with advance notice, and in coordination with the Operator, conduct one drill with actual notification to the National Response Center clearly identifying that the call is part of an exercise.</p> <p>b. The rig to perform the actual notification drill shall be selected at random by a Transocean Operations Director in the first week of each quarter.</p> <p>c. Transocean shall document the actual notifications in the drill records of the rig and make available those documents to the United States upon request.</p>
17.d	Weekly Emergency Response Drills	<p>Participate with Operator personnel in weekly rig-based Emergency Response Drills, which shall include the following types of scenarios: blowouts, gas on the surface, fire, vessel collisions, terrorist threats, and muster and evacuation. Where appropriate, Emergency Response Drills shall also include drills regarding the applicable OSRP for a particular scenario.</p> <p>Document the Emergency Response Drills in the drill records of the rig and make available those records to the United States upon request.</p>
18	Oil Spill Response Plan	<p>Submit to the United States, for review and approval, an addendum to the approved OSRP for each Operator with which it contracts. The addendum shall include the following:</p> <ul style="list-style-type: none"> i. A listing of all oil spill response equipment stored on each rig; ii. Information on the communication systems and compatibility with the Operator’s systems, including those in the approved OSRP; iii. A listing of Transocean employee positions responsible for assisting with an oil spill response pursuant to the OSRP, a description of those positions and duties, and a summary demonstrating that the employees filling the positions have the training or experience related to such positions and/or are engaged in a training program or on-the-job-training related to such positions. Transocean shall provide to the United States the names of employees filling the positions upon request; and iv. Action plans and duties relating to maintaining or regaining well control.
18	Oil Spill Response Plan	<p>Review and update its addendum to the Operator’s OSRP, if appropriate, based on any change to the Operator’s OSRP.</p> <p>The approved addendum, along with any updates based on changes to the Operator’s OSRP, shall be made part of the rig Emergency Response Plan (“ERP”).</p>

Appendix A

Summary of the Consent Decree Performance Plan Requirements – Articles VI & VIII*

19.b	Alarm System Safety	<p>Maintain current status records or fire/gas alarm inhibits on Rig & Onshore</p> <p>a. Maintain within maintenance system records an up-to-date status of all inhibits made to the fire and gas alarm systems of its rigs operating in the Waters of the United States.</p> <p>b. Record and maintain this information both on the rig and in a Transocean on-shore database located in the United States. This information shall be made available to the United States upon request.</p>
20	Innovation	<p>Transocean shall form a Technology Innovation Group (TIG) to focus on drilling safety and explore and develop next generation solutions to critical aspects of drilling. A minimum of \$10 million will be devoted to this effort. An annual report will be prepared for TIG efforts.</p>
21.a.	HSE Committee	<p>c. The HSE Committee shall be responsible for the Company’s reporting obligations under Paragraph 31.b. of the Consent Decree as follows:</p> <p>i. The HSE Committee shall meet at least quarterly.</p> <p>ii. The HSE Committee shall appoint a Compliance Advisor to prepare quarterly compliance reports regarding the status of Transocean’s compliance with each element of the Consent Decree (“Quarterly Compliance Report”). The Quarterly Compliance Report shall include discussion of, but not be limited to, all steps taken to comply, all problems or challenges encountered in attempting to comply, and any assistance needed from Transocean Ltd.’s Boards of Directors to help secure timely compliance of the Consent Decree.</p> <p>iii. The Quarterly Compliance Reports shall be provided to HSE Committee members prior to each quarterly meeting.</p> <p>iv. Following each quarterly meeting, the HSE Committee shall provide the Quarterly Compliance Report to TODDI’s and Transocean Ltd.’s Boards of Directors.</p>
21.b	Public Web Site	<p>b. To facilitate access to the Public Web Site, Transocean shall create a link to a “United States MACONDO Settlement Compliance Webpage” on Transocean’s web site, www.deepwater.com.</p>
21.c	National Resource Inventory	<p>a. For each calendar year after February 19, 2013, by April 2, provide to the USCG (via the National Strike Force Coordination Center), for entry into the National Response Resource Inventory database, a list of all Well Control and spill response equipment Transocean owns, operates, or for which it has contracted.</p>

Appendix A

Summary of the Consent Decree Performance Plan Requirements – Articles VI & VIII*

22	Independent Consent Decree Auditor	As part of its Performance Plan approved by the United States, retain an Independent Consent Decree Compliance Auditor who shall audit and report to the United States on Transocean's compliance with Articles VI ("Measures to Improve Performance and Prevent Recurrence") and VIII ("Reporting") of the Consent Decree.
23	HSE Committee	<p>TODDI shall form an HSE Committee. The HSE Committee shall fulfill the requirements of both Paragraph 21.a. and 23.a. of the Consent Decree.</p> <p>b. The HSE Committee shall evaluate Transocean's response/improvements in Transocean's safety and operational risk identification and management of risk, including Transocean's compliance with the process safety related aspects of the Consent Decree, specifically BOP testing and maintenance, training, and Well Control.</p> <p>The HSE Committee shall meet at least quarterly.</p> <p>Following each quarterly meeting, the HSE Committee shall report its findings and recommendations to TODDI's and Transocean Ltd.'s Boards of Directors</p>
23	Independent Process Safety Consultant	Retain an Independent Process Safety Consultant to review TO's BOP testing and Maintenance, Training, and Well Control
31.a	Consent Decree Annual Report	<p>For each calendar year after the Date of Entry, by April 2 of the following year, describe all measures taken to comply with each of the requirements of Article VI (Measures to Improve Performance and Prevent Recurrence) in a report.</p> <p>Post the annual report on the Company's public website.</p>
31.b	Quarterly Reports to Transocean Board of Directors	For each calendar year after the Date of Entry, beginning after the first full quarter following the Date of Entry, report in detail at least quarterly to the Board of Directors of Transocean Ltd. on the status (in each report for the most recently completed quarter) of the Company's compliance with each element of this Consent Decree.

Appendix A

Summary of the Consent Decree Performance Plan Requirements – Articles VI & VIII*

32	Report Incidents of Non-Compliance	In any report required by Article VIII (Reporting), the Transocean Defendants must describe any non-compliance with the requirements of this Consent Decree and provide an explanation of the likely cause and the remedial steps taken, or to be taken, to prevent or minimize such non-compliance. If any of the Transocean Defendants violates any requirement of this Consent Decree, the Transocean Defendants shall report to the United States such violation and its likely duration, in writing, within ten (10) business Days of the Day that any Sector Manager of Transocean Defendants (identified in the Performance Plan) first becomes aware of the violation, with an explanation of the violation's likely cause and of the remedial steps taken, or to be taken, to prevent or minimize such violation. If the cause of a violation cannot be fully explained at the time the report is due, the Transocean Defendants shall so state in the report. The Transocean Defendants shall investigate the cause of the violation and shall then submit an amendment to the report, including a full explanation of the cause of the violation, within thirty (30) Days of the Day any of the Sector Managers of Transocean Defendants (identified in the Performance Plan) becomes aware of the cause of the violation. Nothing in this Paragraph or the following Paragraph relieves the Transocean Defendants of their obligation to provide the notice required by Article X (Force Majeure) or their liability for stipulated penalties as set forth in Article IX (Stipulated Penalties).
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*The summary of Consent Decree Performance Plan Requirements provided as Appendix A is not a fully comprehensive list of all applicable requirements including numerous Transocean “annual report” submission obligations that were not applicable to the audit conducted for the Calendar Year 2014.

APPENDIX B

Transocean Response to Independent Consent Decree Compliance Auditor Annual Report for 2017

APPENDIX B

TRANSOCEAN RESPONSE TO INDEPENDENT CONSENT DECREE COMPLIANCE AUDITOR ANNUAL REPORT FOR 2017

[PREPARED BY TRANSOCEAN]

INTRODUCTION

Under Paragraph 22 of the Consent Decree, dated February 19, 2013 (“Consent Decree”), entered into between certain affiliates of Transocean (“Transocean”) and various United States government agencies (“United States”) and the related Performance Plan approved by the United States on January 2, 2014 (“Performance Plan”), Transocean provides this “Response” to the Independent Consent Decree Compliance Auditor Annual Report for 2017 (“IA 2017 Report”).

As required, this Response addresses any deficiencies noted in the IA 2017 Report, along with a summary of actions taken or to be taken to address such deficiencies. Additionally, although not required under the Consent Decree or Performance Plan, this Response also provides comments to any observations identified in the IA 2017 Report.

Transocean is fully committed to compliance with the hundreds of individual obligations required under the Consent Decree and Performance Plan and welcomes the opportunity to respond to findings, observations and/or feedback from the Independent Consent Decree Compliance Auditor (“Independent Auditor”) and the United States. Transocean has a dedicated team of professionals (the “Obligations Team”) assigned to the management of the Consent Decree and Performance Plan obligations.

This 2017 Response is structured by referencing the 2017 Independent Auditor’s report section, including the summary bullet point, Transocean’s response to the finding or observation, and actions that were taken or to be taken in response.

FINDINGS AND TRANSOCEAN’S RESPONSE

1. **IA 2017 Report Section 3.1: Initial Submission of Incomplete Lists of Certain Employees.**

Response to Deficiency and Actions Taken or to be Taken: Transocean acknowledges that the employee lists submitted initially on March 29, 2017 did not include certain employees assigned to the rig Deepwater Conqueror. The issue was timely reported to the United States (“U.S.”) within ten (10) days of Transocean determining it occurred.

Transocean is required, under paragraphs 15.d 1&2, 15.d.3 and 15.d.5 to submit, by April 2 of each year, a list of all “Well Control and Designated Employees” along with a list of all “CAMS employees” working within waters of the U.S. These lists are generated from the company’s personnel management system. The initial lists did not contain certain employees from the Deepwater Conqueror because the rig entered U.S. waters at the time the company was migrating its personnel data globally to a new personnel management system. The crew data from the Deepwater Conqueror remained on the old system. Upon discovery, the initial



lists were immediately corrected and updated lists submitted to the U.S. Furthermore, this issue was due to the implementation of a new system, and is not expected to reoccur. Prior to submitting future lists, the Obligations Team will review such lists in detail with the Transocean Human Resources Department.

Importantly, this deficiency was purely administrative in nature as the 15.d lists are a “point-in-time” reporting requirement. The company does not use the lists to determine whether employees are trained or if they meet competency requirements. Monthly, the Obligations Team has tracked all Deepwater Conqueror crew members, as well as all other rig crews operating in waters of the U.S., and ensured full compliance with all Consent Decree training and assessment obligations.

[THE FOLLOWING ARE OBSERVATIONS, NOT DEFICIENCIES OR NON-COMPLIANCES]

1. IA 2017 Report Section 4.1:

The Independent Auditor noted several issues regarding Transocean’s management system audit (MSA) process. For example, the Independent Auditor had previously expressed concern as to how the company tracked the follow up and closure of MSA “Observations” versus findings of “Non-compliance”.

In 2016, the Independent Auditor discussed concerns with the Obligations Team and the Senior Manager in charge of the MSA audit program. At that time, Transocean agreed to require that all MSA Observations would be tracked for follow-up in the same manner as Non-compliances.

In response to further comments by the Independent Auditor, as more fully described in the IA 2017 Report, the MSA audit process was also revised to allow for additional time for classification of findings within the MSA report. This additional time allowed for a comprehensive review of all issues noted during the performance of the MSA audit by the auditors and onshore management. This added time allowed for recognition and elevation of an issue to a non-compliance or major non-compliance when multiple audit issues of a similar nature were noted.

Finally, the MSA audit policies and procedures were revised in February 2018 to document the implementation of the earlier changes described above. In addition, the newly revised MSA audit policy document eliminates the classification of audit issues and findings as “audit observations” altogether thereby addressing the remainder of the Independent Auditors concerns, to date.

2. IA 2017 Report Section 4.2:

Transocean is required, under paragraph 15.g. of the Consent Decree, to include in the Consent Decree Annual Report certain information, including *“all corrective maintenance and inhibits (i.e., the temporary disabling) of safety critical equipment, stop-work events, near hits and serious near hits, major loss of containment incidents and any incidents involving Transocean’s employees or contractors that Operators are required to report under 30 C.F.R § 250.188 (as modified to include reporting of property or equipment damage greater than \$250,000 in value).”*

This required summary report was included in the *“Incident Tracking Summary*



Report” (the Incident Summary Report) in the Transocean Annual Reports previously submitted. However, the Independent Auditor noted and communicated to the company that additional detail regarding each category described in 30 C.F.R § 250.188 should have been used for this incident reporting.

Upon discussion with the Independent Auditor, Transocean agreed to include in the 2017 annual report and all future annual reports the more detailed information in the Incident Summary Report as suggested by the Independent Auditor.

3. IA 2017 Report Section 4.3:

The Independent Auditor identified issues relating to Transocean’s tracking of inhibits to safety critical equipment (SCE). For example, the Independent Auditor identified that a much higher number of inhibits were being tracked on two certain rigs operating in U.S. waters than the other rigs. However, it was determined that the cause for the higher number of inhibits was because those particular rigs had a different software system that resulted in more inhibits being used that required tracking. In response, Transocean is working with the system manufacturer to determine if an upgrade to the system would be beneficial to have greater consistency of inhibits use and tracking across Transocean’s fleet.

One additional issue regarding Transocean’s ongoing tracking of inhibits was referenced in the IA 2017 Report. The Obligations Team is working closely with the Independent Auditor to obtain additional information and respond appropriately to each instance to ensure that the Independent Auditor remains confident of Transocean’s full commitment to and compliance with all aspects of the Consent Decree and Performance Plan.

CONCLUSION

Transocean remains fully committed to complete compliance with all aspects of the Consent Decree and Performance Plan. Transocean and the Obligations Team communicated extensively with the Independent Auditor and United States representatives throughout the year and received a significant amount of feedback and ongoing questions. In all cases, Transocean responded promptly and with full transparency, understanding that all parties, the Independent Auditor, the United States and Transocean, are focused on the same thing - safe and environmentally sound operations without any incidents.