

## **CONSENT DECREE Q4 2015 QUARTERLY REPORT TRANSOCEAN LTD.**

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Under the Consent Decree dated February 19, 2013 (“Consent Decree”) entered into between certain affiliates of Transocean (“Transocean”) and applicable US government agencies (“US”) relating to the 2010 Macondo incident, the Transocean Ltd. Board of Directors (the “Transocean Board”) shall receive a quarterly report per Sections 23(a)(2), 23(a)(3) and 31(b) of the Consent Decree. The Transocean Board has designated the Transocean Board’s HSE Committee (the “Transocean HSE Committee”) to receive such reports on its behalf.

### **Steps Taken to Comply**

The compliance steps taken for each obligation under the Consent Decree have been monitored and documented. The attached chart lists each obligation (“Obligations List”). For reference and tracking purposes, the obligations are organized under one of seven categories and the Obligations List indicates whether in Q4 steps were taken to comply with the referenced obligation. Also, during the Q4 update presentation by the Chairman of the TODDI Board to the Transocean HSE Committee, the steps undertaken during Q4 were discussed.

### **Evaluation of Response/Improvements in Safety and Operational Risk Issues**

As part of the Q4 Consent Decree compliance update presentation to the TODDI HSE Committee (Committee) held on January 20, 2016, the Committee reviewed a detailed Quarterly Report and heard from the former Transocean Chief Compliance Officer (currently acting in a consulting role) regarding the compliance efforts and related issues. Finally, the Senior Vice President, Technical Services, led a discussion using detailed information presented to the Committee on blow out preventer, downtime and other relevant process safety information. In addition to discussing blow out preventer and downtime information, the Committee spent a considerable amount of time discussing issues of relevance to process safety, active operations and organization structure.

### **Problems or Challenges Encountered in Attempting to Comply**

A key aspect of Transocean’s compliance efforts is to openly and in a positive manner address potential or actual compliance challenges that may occur from time to time with the over 500 individual compliance obligations. To that end, Monthly Update calls continued with the US and Independent Auditors. In November 2015, the Monthly Update was held in-person in Washington DC. In addition, in December 2015, the Independent Auditor’s team visited Houston to perform an extensive year-end audit of Transocean’s 2015 compliance with the Consent Decree and Performance Plan. During the onsite audit, the Independent Auditor’s team also reviewed actions taken in response to their 2014 observations. The Macondo Obligations Team and other key Transocean subject matter experts spent a significant amount of time providing information and “real time” responses to the many detailed inquires made.

In a number of cases, the Independent Auditor conducted 100% sampling to confirm compliance and, as last year, did a “deep dive” into each of Transocean’s BOP certifications. At the end of the four-day audit, the Independent Auditor only had a few follow up items and expressed a strong appreciation for our transparency and compliance efforts. Importantly, there were no non-compliances identified although we do expect that there will be a few observations for potential improvement as there were such observations by the Independent Auditor in 2014.

Regarding non-compliances, in Q4, there was one issue identified that resulted in a report to the US. Specifically, the report was related to a late notification and assignment of training to a new Emergency Response Team (ERT) member. Upon receiving notification, the new ERT team member completed the prorated required training as if it had been timely assigned. Appropriate measures were implemented to ensure there will not be reoccurrence.

**Input/Recommendations to the Transocean Board; Request for Assistance**

For Q4, the Committee is comfortable with the information provided and the efforts being undertaken regarding compliance with the Consent Decree. The Committee is also comfortable with blow out preventer related issues. Finally, based on the Q4 Compliance update provided, except for the non-compliance reported and referenced above, the Committee is confident that each obligation under the Consent Decree has been and will be timely complied with and therefore does not seek assistance from Transocean Ltd. to help ensure compliance.

**Officer Certification**

*I certify under penalty of law that this document and any attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.*

Dated: January 27, 2016



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Brady K. Long  
Senior Vice President and General Counsel

### List of Each Consent Decree Obligation

<b>COMPLIANCE OBLIGATIONS (<i>Consent Decree paragraph reference</i>)</b>	<b>Steps Taken in Q3</b>	<b>In Full Compliance/ On Track *</b>
<b>Operational Processes and Competencies.</b>		
<i>SEMS based Management System (15.a.1)</i>	Yes	Yes
<i>Competence Assessment Management System (15.d.5)</i>	Yes	Yes
<i>Competence Assessment Program (15.d.6)</i>	Yes	Yes
<i>Hazard Identification Training (15.d.9)</i>	Yes	Yes
<b>Operational Response and Audit.</b>		
<i>Annual Report on safety and other key issues (15.g)</i>	Yes	Yes
<i>Stop Work Authority Procedures (15.a.2)</i>	Yes	Yes
<i>Global Management System ("GMS") to be used for Operational Alerts (15.d.8)</i>	Yes	Yes
<i>Audit-Review-Closeout Process (15.a.1)</i>	Yes	Yes
<b>Well Control and Blow Out Preventer.</b>		
<i>Well Control Competency Assessment Plan (15.d.1)</i>	Yes	Yes
<i>40 hours Annual Training (15.d.3)</i>	Yes	Yes
<i>Blow Out Preventer (BOP) Certification (15.b)</i>	Yes	Yes
<i>Gap Analysis between BOP maintenance and OEM recommendations (15.c.2)</i>	Yes	Yes
<b>Emergency Preparedness and Response.</b>		
<i>Emergency Response Team Training (16.a-b)</i>	Yes	Yes**
<i>Oil Spill Exercises including simulated and actual notices (17.b)</i>	Yes	Yes
<i>Operator Table-top Exercise Participation (17.c)</i>	Yes	Yes
<i>Weekly Emergency Response Drills (17.d)</i>	Yes	Yes
<i>Oil Spill Response Plans Addendum to Operators OSRP (18)</i>	Yes	Yes
<i>Emergency Response Plans provided to Operators (19.a)</i>	Yes	Yes
<i>Record of inhibits of Fire and Gas Alarm Systems (19.b)</i>	Yes	Yes
<b>Technology and Equipment.</b>		
<i>State-of-art BOP and Pipe Shearing Technology evaluation (15.c)</i>	Yes	Yes
<i>Commercially Available Real-time Monitoring Technology evaluation (15.e)</i>	Yes	Yes
<i>Records of Equipment drilling and production tests (15.f)</i>	Yes	Yes
<i>Input well control and spill response equipment on National Response Resource Inventory (21.c)</i>	Yes	Yes
<i>New Technology evaluation; Technology Innovation Group ("TIG") (20)</i>	Yes	Yes
<b>Transparency, Oversight and Third Party Involvement.</b>		
<i>Post Information on Public Website (21.b)</i>	Yes	Yes
<i>Document Retention (58)</i>	Yes	Yes
<i>TODDI HSE Board Committee (21.a, 23.a)</i>	Yes	Yes
<i>Independent Consent Decree Compliance Auditor appointed (22)</i>	Yes	Yes
<i>An Independent Process Safety Consultant shall be retained (23.b)</i>	Yes	Yes
<b>Training Center and Other</b>		
<i>Training Center certification(15.d.4)</i>	Yes	Yes
<i>Training Center sessions available to US (15.d.4.2)</i>	Yes	Yes
<i>Performance Plan (14.e)</i>	Yes	Yes
<i>Prompt Reporting of non-compliance (32)</i>	Yes	Yes

\*If "No", a detailed explanation will be provided.

\*\* One non-compliance related to a late notification and assignment of training to a new Emergency Response Team (ERT) member was discovered in Q3. It has since been remedied.