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Department of Justice

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District of Alaska

FOR IMMEDIATE RELEASE

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Drilling Operator Sentenced For Environmental And Maritime Crimes In Alaska

Anchorage, Alaska – U.S. Attorney Karen L. Loeffler announced that Noble Drilling (U.S.) LLC was sentenced today for committing eight felony environmental and maritime crimes arising out of its operation of the drill ship Noble Discoverer and the drilling unit Kulluk in violation of federal law in Alaska in 2012. These convictions are the result of a joint investigation between the U.S. Coast Guard Investigative Service and the U.S. Environmental Protection Agency Criminal Investigation Division. The case was prosecuted by the United States Attorney's Office for the District of Alaska and the Department of Justice's Environmental Crimes Section.

Noble was sentenced to pay \$12.2 million dollars in fines and community service payments and to serve a four year period of probation during which time it must implement a comprehensive Environmental Compliance Plan. In addition, Noble's parent corporation, Noble Corporation plc, headquartered in London, England, has agreed to implement an Environmental Management System for all Mobile Offshore Drilling Units (MODUs) owned or operated by Noble Corporation plc and its direct and indirect subsidiaries worldwide.

Noble Drilling (U.S.) LLC was convicted of five counts of knowingly violating the Act to Prevent Pollution from Ships (APPS), one count of knowing violating the Nonindigenous Aquatic Nuisance Prevention and Control Act, and two counts of willfully violating the Ports and Waterways Safety Act. Seven of these counts are for Noble's operation of the Noble Discoverer, and one count for the operation of the MODU Kulluk.

At the time of the offenses, the Noble Discoverer was operating under contract with Shell Offshore, Inc. and Shell Development, Ltd. for the purpose of drilling in the arctic in Alaska. During the 2012 drilling season, Noble was the operator and bare boat charterer of the motor vessel Noble Discoverer and the drilling operator of the MODU Kulluk. In 2012, the Kulluk and the Noble Discoverer made several U.S. port calls in Washington and Alaska on their way to the Shell drilling site in the Chukchi Sea off the coast of Alaska. After leaving the drill site, the Kulluk ultimately ran aground off the coast of Unalaska when it broke free from its tow in bad weather, and the Noble Discoverer was dead-ship

towed from Dutch Harbor to Seward due to failures with its main engine and other equipment.

A total of \$4 million was paid by Noble in the form of community service payments; \$2,500,000 will go to the International Arctic Research Center located at the University of Alaska Fairbanks, \$1,000,000 will go to the National Fish and Wildlife Foundation, Alaskan Arctic Fund, and \$500,000 will go to the Arctic Research Consortium of the United States. All of these funds will be used for research and projects designed to study and/or benefit the Arctic and/or the natural resources or wildlife contained therein near Alaska.

In addition, the Court has ordered that \$512,500 of the \$8.2 million fine be awarded to a person who provided substantial information leading the conviction of Noble in this case. This award was made under the provisions of the Act to Prevent Pollution from Ships, which provides that the Court may award an amount equal to not more than ½ of the fine imposed for a conviction of that statute to the person giving information leading to conviction. In this case, the United States notified the Court that there was an individual who provided information that resulted in Noble's conviction on Count 1 of the Information, and requested that the Court award one-half of the fine for that count to this individual.

The APPS award provision serves a valuable law enforcement purpose by encouraging those most likely to know of the illegal conduct to report it and cooperate with law enforcement. Because the discharge of oily waste typically takes place in the middle of the ocean in international waters, the only persons likely to know about the conduct and the falsification of the ORB are the crew members. Absent crew members with firsthand knowledge of the illegal conduct coming forward, APPS violations are otherwise extremely difficult to uncover. The government's success in detecting the illegal activity and obtaining sufficient evidence to support investigations and prosecutions is dependent upon the willingness of a crew member to step forward. In turn, a crew member must assess the risks associated with coming forward, such as the possibility that the crew member will lose relatively lucrative employment and be blacklisted and barred from working in the marine shipping industry in the future. A substantial monetary award, as provided by APPS, both rewards the crew member for taking those risks and provides an incentive for other crew members to come forward and report illegal conduct on vessels in the future.

Chief Judge Ralph R. Beistline accepted the plea agreement entered into between the parties, and sentenced Noble consistent with that agreement. As special condition of the plea agreement, Judge Beistline ordered that Noble implement the Environmental Compliance Plan, including the third party and independent auditing requirements. Judge Beistline noted that all of us are victims of these crimes, and that we all have to do everything we can as a community to protect the environment.

Ms. Loeffler commended the U.S. Coast Guard Investigative Service and the U.S. Environmental Protection Agency Criminal Investigation Division for the investigation leading to the successful prosecution of this case.