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## Department of Justice

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FOR IMMEDIATE RELEASE

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### Halliburton Pleads Guilty to Destruction of Evidence in Connection with Deepwater Horizon Disaster and Is Sentenced to Statutory Maximum Fine

*Former Halliburton Manager Is Charged*

Halliburton Energy Services Inc. (Halliburton) pleaded guilty today to destroying evidence pertaining to the 2010 Deepwater Horizon disaster and was sentenced to the statutory maximum fine, the Justice Department announced.

In addition, a criminal information was filed today charging a former Halliburton manager, Anthony Badalamenti, 61, of Katy, Texas, with one count of destruction of evidence.

“These announcements mark the latest steps forward in the Justice Department’s efforts to achieve justice on behalf of all those affected by the Deepwater Horizon explosion, oil spill, and environmental disaster,” said Attorney General Eric Holder. “Halliburton and one of its managers have now been held criminally accountable for their misconduct, underscoring our continued commitment to ensuring that the victims of this tragedy obtain justice, and to safeguarding the integrity of relevant evidence. I am grateful to all of the Justice Department leaders, federal investigative agency partners, and state and local allies whose tireless work made this outcome possible – and whose daily efforts will help to prevent such incidents from happening in the future.”

“Halliburton destroyed evidence during the investigation of the largest environmental disaster in U.S. history, and now both the company and the Halliburton manager who ordered the destruction are being held to account,” said Acting Assistant Attorney General Mythili Raman of the Criminal Division. “I am grateful for the tenacious work of the Deepwater Horizon Task Force prosecutors and investigators who have worked tirelessly on this and other Deepwater Horizon matters to ensure that justice is brought to the people of the Gulf Coast and to the families of the eleven men who perished on April 20, 2010.”

Halliburton’s guilty plea was accepted, and its sentence was imposed, by U.S. District Judge Jane Triche Milazzo of the Eastern District of Louisiana. During the guilty plea and sentencing proceeding today, Judge Milazzo found, among other things, that the sentence appropriately reflects Halliburton’s offense conduct. Judge Milazzo also noted that the statutory maximum fine and three year probationary period provide just punishment and appropriate deterrence, and noted Halliburton’s self-reporting of the misconduct, substantial and valuable cooperation in the government’s investigation, and substantial efforts to recover the deleted data.

According to court documents, on April 20, 2010, while stationed at the Macondo well site in the Gulf of Mexico, the Deepwater Horizon rig experienced an uncontrolled blowout and related explosions and fire, which resulted in the deaths of 11 rig workers and the largest oil spill in U.S. history. Following the blowout, Halliburton conducted its own review of various technical aspects of the well’s design and construction. On or about May 3, 2010, Halliburton established an internal working group to examine the Macondo well blowout, including whether the number of centralizers used on the final production casing could have contributed to the blowout. A production casing is a long, heavy metal pipe set across the area of the oil and natural gas reservoir. Centralizers are metal devices that protrude from various intervals of the casing strings of a well, which can help keep the casing centered in the wellbore away from the surrounding walls as it is lowered and placed in the well. Centralization can be significant to the quality of subsequent cementing around the bottom of the casing. Prior to the blowout, Halliburton had recommended to BP the use of 21 centralizers in the Macondo well. BP opted to use six centralizers instead.

As detailed variously in the charging instruments filed against Halliburton and against Badalamenti, during the relevant time period Badalamenti was Halliburton’s cementing technology director. In May 2010, in connection with Halliburton’s internal post-incident examination of the Macondo well, Badalamenti directed a senior program manager for Halliburton’s Cement Product Line (Program Manager) to run two computer simulations of the Macondo well final cementing job using Halliburton’s Displace 3D simulation program. Displace 3D was a next-generation simulation program that was

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being developed to model fluid interfaces and their movement through the wellbore and annulus of a well. The modeling sought to compare the 21 centralizers Halliburton had recommended to BP versus the six centralizers BP ultimately used. As detailed in the charging documents, the simulations indicated to those present that there was little difference between using six and 21 centralizers on the Macondo well. Badalamenti directed Program Manager to destroy these results, and Program Manager did so.

In or about June 2010, similar evidence was also destroyed in a later incident. Badalamenti asked another, more experienced, employee ("Employee 1") to run simulations again comparing six versus 21 centralizers. Employee 1 reached the same conclusion. Badalamenti then directed Employee 1 to "get rid of" the simulations, and, after a period of delay, Employee 1 deleted them from his computer.

Efforts to forensically recover the original destroyed Displace 3D computer simulations during ensuing civil litigation and federal criminal investigation by the Deepwater Horizon Task Force were unsuccessful.

Halliburton's guilty plea and sentence, and the criminal charge announced today against Badalamenti, are part of the ongoing criminal investigation by the Deepwater Horizon Task Force into matters related to the April 2010 Gulf oil spill. The Deepwater Horizon Task Force, based in New Orleans, is supervised by Acting Assistant Attorney General Mythili Raman and led by John D. Buretta, who serves as the director of the task force. The task force includes prosecutors from the Criminal Division and the Environment and Natural Resources Division of the Department of Justice; the U.S. Attorney's Office for the Eastern District of Louisiana and other U.S. Attorney's Offices; and investigating agents from: the FBI; Department of the Interior, Office of Inspector General; Environmental Protection Agency, Criminal Investigation Division; Environmental Protection Agency, Office of Inspector General; National Oceanic and Atmospheric Administration, Office of Law Enforcement; U.S. Coast Guard; U.S. Fish and Wildlife Service; and the Louisiana Department of Environmental Quality.

The case is being prosecuted by Deepwater Horizon Task Force Director Buretta, Deputy Director William Pericak, and Task Force prosecutors Richard R. Pickens II, Scott M. Cullen, Colin Black and Rohan Virginkar.

An information is merely a charge and a defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt.

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Criminal Division

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