ENFORCEMENT INFORMATION FOR NOVEMBER 14, 2016

Information concerning the civil penalties process can be found in the Office of Foreign Assets Control (OFAC) regulations governing each sanctions program; the Reporting, Procedures, and Penalties Regulations, 31 C.F.R. part 501; and the Economic Sanctions Enforcement Guidelines, 31 CFR part 501, app. A. These references, as well as recent final civil penalties and enforcement information, can be found on OFAC's website at www.treasury.gov/ofac/enforcement.

ENTITIES – 31 CFR 501.805(d)(1)(i)

National Oilwell Varco, Inc. Settles Potential Civil Liability for Apparent Violations of the Cuban Assets Control Regulations, the Iranian Transactions and Sanctions Regulations, and the Sudanese Sanctions Regulations: National Oilwell Varco, Inc., a Delaware corporation, and its subsidiaries Dreco Energy Services, Ltd. ("Dreco") and NOV Elmar ("Elmar") (collectively referred to hereafter as "NOV" unless otherwise noted), have agreed to settle their potential civil liability for apparent violations of the Cuban Assets Control Regulations, 31 C.F.R. part 515 (CACR), the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (ITSR),[1] and the Sudanese Sanctions Regulations, 31 C.F.R. part 538 (SSR), for $5,976,028.

NOV's settlement with OFAC is concurrent with both a settlement agreement between NOV and the Department of Commerce's Bureau of Industry and Security, and a Non-Prosecution Agreement (NPA) executed by NOV with the U.S. Attorney's Office for the Southern District of Texas.

OFAC determined that from on or about 2002 to on or about 2009, NOV engaged in certain conduct in apparent violation of the ITSR. Specifically: (1) between October 2002 and April 2005, National Oilwell Varco, Inc. approved at least four Dreco commission payments to a U.K.-based entity that related to the sale and exportation of goods, directly or indirectly, from Dreco to Iran, in apparent violation of §§ 560.206 and 560.208 of the ITSR (these four commission payments have a combined value of $2,630,091); (2) between September 2006 and January 2008, National Oilwell Varco, Inc. engaged in two transactions totaling $13,596,980 involving the direct or indirect sale and exportation of goods to Iran, and/or facilitated those transactions, in apparent violation of §§ 560.206 and 560.208 of the ITSR; (3) between at least 2003 and 2007, Dreco knowingly indirectly exported goods from the United States for the specific purpose of filling at least seven orders from Iranian customers, in apparent violation of § 560.204 of the ITSR (these seven transactions have a total value of $526,480); (4) between 2007 and 2009, Dreco engaged in 45 transactions totaling $1,707,964 involving the sale of goods to Cuba, in apparent violation of § 515.201 of the CACR; (5) between 2007 and 2008, Elmar engaged in two transactions totaling $103,119 involving the sale of goods or services to Cuba, in apparent violation of § 515.201 of the CACR; and (6) between 2005 and 2006, NOV engaged in one

[1] On October 22, 2012, OFAC changed the heading of 31 C.F.R. part 560 from the Iranian Transactions Regulations to the ITSR, amended the renamed regulations, and reissued them in their entirety. *See* 77 Fed. Reg. 64,664 (Oct. 22, 2012). For the sake of clarity, all references herein to the ITSR shall mean the regulations in 31 C.F.R. part 560 in effect at the time of the activity.

$20,928 transaction involving the direct or indirect exportation of goods from the United States to Sudan, in apparent violation of § 538.205 of the SSR (collectively referred to hereafter as the "Apparent Violations").

OFAC determined that NOV did not voluntary self-disclose the Apparent Violations. OFAC also determined that the four apparent violations involving the Dreco commission payments were egregious because senior-level finance executives within NOV approved the four commission payments; NOV appears to have willfully blinded itself to the consequences of its approval by acquiescing to Dreco's deliberate non-identification of Iran in its communications with NOV; NOV had reason to know that the commission payments involved Iran; and NOV ignored several warning signs over the course of three years that approving the commission payments was prohibited conduct. OFAC determined that the remaining apparent violations were non-egregious.

The statutory maximum civil monetary penalty amount for the Apparent Violations was $37,766,212. The base penalty amount for the Apparent Violations was $8,537,183.

This settlement reflects OFAC's consideration of the following facts and circumstances, pursuant to the General Factors under OFAC's Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, app. A. OFAC considered the following to be aggravating factors: (1) NOV's conduct that gave rise to the Apparent Violations demonstrated at least reckless disregard for U.S. sanctions requirements; (2) senior managers at National Oilwell Varco, Inc. and Dreco knew or had reason to know that their respective business transactions giving rise to the ITSR-related apparent violations involved Iran; (3) NOV's conduct caused harm to sanctions program objectives by providing a significant and sustained economic benefit to the petroleum industries in Cuba, Iran, and Sudan; (4) NOV is a large and sophisticated company that is engaged in the business of providing oilfield services around the world, including regions with high sanctions risk; and (5) NOV's compliance program at the time of the Apparent Violations was wholly inadequate.

OFAC considered the following to be mitigating factors: (1) NOV had not received a Penalty Notice or Finding of Violation in the five years preceding the date of the earliest transaction giving rise to the Apparent Violations; (2) NOV cooperated with OFAC's investigation, including by agreeing to toll the statute of limitations for more than 2,600 days; and (3) NOV has made efforts to remediate its compliance program and agreed to further compliance enhancements.

NOV's $5,976,028 settlement with OFAC will be deemed satisfied by its payment of $25,000,000 as specifically set forth in the NPA arising out of the same pattern of conduct.

For more information regarding OFAC regulations, please go to: www.treasury.gov/ofac