



OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title <b>ENERGY RESOURCE TECHNOLOGY – BOP TEST FALSIFICATION</b>	Case Number <b>OI-OG-14-0051-I</b>
Reporting Office <b>Energy Investigations Unit</b>	Report Date <b>April 25, 2018</b>
Report Subject <b>Closing Report of Investigation</b>	

**SYNOPSIS**

We initiated this investigation based on a November 2013 referral from the Bureau of Safety and Environmental Enforcement's (BSEE) Safety and Incident Investigations Division (SIID). SIID reported that in November 2012, BSEE conducted a routine inspection of an offshore facility operated by Energy Resource Technology, Inc. (ERT) in the Gulf of Mexico, known as Ship Shoal 225 (SS-225). The inspection resulted in BSEE issuing six separate Incidents of Noncompliance (INCs). BSEE subsequently received a complaint from (b) (7)(C) the falsification of a Blowout Preventer (BOP) pressure test chart and unsafe welding operations (hot work) in conjunction with BSEE's visit earlier that day.

Our investigation substantiated that on November 26, 2012, Race Addington, ERT's company man in charge of the SS-225 facility, directed that hot work be performed near a well bay that contained a flowing well, which violated BSEE's safety regulations. Our investigation further determined that on November 28, 2012, Addington directed offshore workers Kenneth Johns and (b) (7)(C) to fabricate a false BOP pressure test chart, which was submitted to BSEE in place of the actual test chart that disclosed a failed pressure test.

Addington, Johns, and ERT were criminally charged for their actions by the United States Attorney's Office, Eastern District of Louisiana, U.S. Department of Justice (DOJ). Addington pled guilty to two counts of false statements and was sentenced to 12 months' probation and 40 hours of community service. Johns pled guilty to one count of false statements and was sentenced to 24 months of probation and fined \$750. (b) (7)(C) ERT was sentenced to 36 months of probation, fined \$4 million, and ordered to pay \$200,000 in restitution.

Reporting Official/Title (b) (7)(C) /Special Agent	Signature Digitally signed.
Approving Official/Title (b) (7)(C) /SAC	Signature Digitally signed.

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OI-002 (05/10)

We are providing this report to the Director of BSEE for any action deemed appropriate.

### **BACKGROUND**

On November 29, 2012, the Bureau of Safety and Environmental Enforcement (BSEE) conducted a routine inspection of the Ship Shoal 225 (SS-225) facility being operated by Energy Resources Technology, Inc. (ERT) in the Gulf of Mexico. BSEE inspectors issued six separate Incidents of Noncompliance (INCs), including one INC for a failed Blowout Preventer (BOP) pressure test (**Attachment 1**). Later that day, BSEE received a telephone complaint from (b) (7)(C), who (b) (7)(C) (**Attachment 2**). (b) (7)(C) the falsification of a BOP pressure test chart and unsafe hot work being performed during the (b) (7)(C) (b) (7)(C) aboard the SS-225 facility. In response to (b) (7)(C) complaint, BSEE revisited and again inspected the SS-225 facility on November 30, 2012 and issued another INC for conducting improper hot work in an unsafe manner based upon their re-inspection (**Attachment 3**).

(b) (7)(C) was subsequently interviewed by BSEE's Safety and Incident Investigations Division (SIID), formerly referred to as the Investigations and Review Unit (**Attachment 4**). (b) (7)(C) claimed (b) (7)(C) hot work being performed that he believed was improper and unsafe. (b) (7)(C) workers "rolling charts" on a BOP pressure test chart recorder that had the cover off, wherein the workers were "tapping and rolling" the charts. (b) (7)(C) (b) (7)(C) statement was corroborated by a (b) (7)(C) who (b) (7)(C) on SS-225 during the same time (**Attachment 5**). (b) (7)(C) of BOP pressure test charts while on the facility (**Attachments 6 & 7**).

SIID interviewed SS-225 daytime company man Race Addington (**Attachment 8**). Addington made admissions during this interview concerning hot work, saying he "interpreted" regulations that restrict hot work operations within 10 feet of a producing well. He said that since the hot work was being conducted approximately 15 feet from the active well, he thought it was permitted and safe. He also discussed the BOP test in question, admitted to having a second BOP test chart in the well file during the BSEE inspection. He did not inform BSEE which was the real test, and which represented a "function test" because he believed BSEE inspectors should be able to tell the difference by looking at the two charts.

SIID also interviewed Kenneth Johns, Chet Morrison Contractors (CMC) daytime supervisor on SS-225 (**Attachment 9**). Johns denied tampering with the chart recorder, said he did not test any BOPs, was not asked to perform any BOP tests, and did not approve or sign any pressure charts while on the SS-225 facility. After being shown a copy of the questioned pressure test chart labeled BOP test, he confirmed that his signature was on the chart, but claimed it was not an official test chart and he had pre-signed the test chart before arriving on SS-225.

### **DETAILS OF INVESTIGATION**

We investigated allegations that between approximately November 26 through November 28, 2012, offshore workers conducting operations aboard the SS-225 facility falsified Blowout Preventer (BOP)

test chart(s) and performed “hot work” in an unsafe manner, violating BSEE regulations. During the course of inspections related to these allegations, it was also suspected that responsible parties provided false information to government officials.

We opened this investigation on November 8, 2013 after SIID determined there was evidence of a criminal violation. We found that BSEE inspectors were misled during an official inspection of SS-225 on November 29, 2012 (**Attachment 10**) regarding the BOP test, and Addington admitted that hot work had been performed in the same bay area as an active flowing well (**Attachment 11 & 12**).

### **Culture of Fear Reported to have Contributed to Violations**

(b) (7)(C) CMC (b) (7)(C), said that Addington made it very clear to all the contract workers that they would be “run off” the facility if they voiced discomfort about a safety issue (**Attachment 13**). (b) (7)(C) became so uncomfortable that he did not believe he could go to Addington about any potential safety issues in fear of being run off himself.

### **Testimony Supports BOP Test was Falsified**

(b) (7)(C) said on November 28, 2012, Johns informed him that Addington instructed them to make a “replica” BOP pressure test chart with a different pump hooked up directly to a chart recorder to compare that replica chart with the real BOP pressure test chart that was created the evening before. Johns told him that Addington wanted to see how the new pump would react to the pressures in comparison to the pump that was used the previous evening to produce the actual BOP pressure test chart.

(b) (7)(C) said he and Johns hooked the new pump up directly to the chart recorder and made several replica charts. (b) (7)(C) said he needed to spin the charts by hand to save time, rather than waiting five minutes for the chart to roll on its own. He said that he had no problem doing this since they were replica charts, were not hooked up to the BOP, and were not intended to be submitted to anyone.

As part of his plea agreement, Addington admitted that on November 28, 2012, he reviewed the BOP pressure test chart from the previous evening and, believing it was problematic, decided to have a false BOP chart created (**Attachment 14**). In furtherance of this decision, Addington explained that he approached CMC employees Johns and (b) (7)(C) and asked them to create a false BOP chart. Addington claimed Johns and (b) (7)(C) were both fully aware of his intent to place the false BOP chart into the well file, which would ultimately be submitted to BSEE inspectors.

Addington confirmed a copy of the (b) (3) (b) (3) (**Attachment 15**). (b) (3)

Based upon BSEE’s request, Addington said that he requested another workman to label a generic BOP diagram that corresponded to the false BOP chart and then Johns signed the diagram. Based on Addington’s request, the other workman completed the diagram and Johns signed the diagram during the morning BSEE inspectors were present on SS-225 (November 29, 2012) so that it could be provided to BSEE inspectors along with the false BOP chart. After the BSEE inspectors left SS-225 on November 29, 2012, Addington acknowledged that he emailed a scanned copy of the false BOP chart to BSEE inspectors later that morning as a follow up to the inspection.

On the afternoon of November 29, 2012, another BSEE inspector visited SS-225 and requested the original BOP chart, along with other original documents related to hot work that had recently been completed on SS-225. Addington provided the false BOP chart to the BSEE inspector. Addington explained that after the BSEE inspector left SS-225, Johns and (b) (7)(C) informed him that one of the employees had seen them making the false BOP chart. At this point, Addington fabricated the story that the false chart was made while calibrating/testing the recorder equipment and was then mistakenly provided to BSEE. Addington said that he lied because he wanted to cover up the fact that they had made a false chart and submitted it to BSEE. He said it was the "snowball effect" of trying to cover up an original lie with more lies. Addington further stated that he discussed this lie with Johns and (b) (7)(C) so that they would all be able to tell the same story, if asked.

Addington said that Johns lied to the Assistant United States Attorney when Johns claimed he found the real BOP chart in a stack of papers in his office after BSEE inspectors left SS-225. Addington said Johns statement that he brought it to Addington because he realized that they must have mistakenly provided the calibration/test BOP chart to BSEE earlier that morning was also a lie (**Attachment 16**). Addington explained that Johns also lied to BSEE's SIID personnel and the Assistant United States Attorney concerning the use of a pre-signed BOP chart when creating the false chart (See Attachment 15). Addington clarified that Johns made up the story about the chart being pre-signed and told SIID investigators that lie during their interview of him. Addington stated no one else on SS-225, beyond Johns and (b) (7)(C) knew about their intent to create and submit a false BOP chart to BSEE inspectors.

### Forensic Analysis Confirmed Violations

Our investigation forensically recovered the (b) (7)(C), (b) (7)(E) (b) (7)(C), (b) (7)(E) SS-225 (Attachments 17). A forensic examination (b) (7)(C), (b) (7)(E) (Attachment 18). A forensic (b) (7)(C), (b) (7)(E) (b)(3)

charts that were later labeled, signed and submitted to BSEE inspectors (**Attachments 19 & 20**). The forensic analysis further proved that the false BOP pressure test chart that Addington provided to BSEE on the morning of November 29, 2012 was signed by Johns after Johns created the false chart on November 28, 2012 ((b) (7)(C), (b) (7)(E)). This finding contradicted Johns' multiple statements to SIID and the Assistant United States Attorney that his signature – which he confirmed was his – was on the false chart submitted to BSEE inspectors because it was “pre-signed” (See Attachments 7 and 14). According to Johns, he used pre-signed (otherwise blank) pressure test charts that were left over from a previous job and he used these pre-signed charts when making “scrap” charts. In addition to signing the false BOP chart after he created it on November 28, 2012. Johns also signed a BOP testing diagram that corresponded to the false BOP chart, which was requested by BSEE inspectors on the morning of November 29, 2012 (See Attachments 18 and 19).

**SUBJECT(S)**

Race Addington  
Kenneth Johns

(b) (7)(C)

Energy Resources Technology, Inc. (ERT)

**DISPOSITION**

Based on our investigation, the United States Attorney's Office, Eastern District of Louisiana prosecuted this case. Addington was charged via a criminal information on January 26, 2015 with two felony counts of False Statements, 18 USC §1001 (**Attachment 21**). He was sentenced to 12 months of probation and 40 hours of community service on May 20, 2015 (**Attachment 22**).

On November 30, 2015, ERT was charged via a criminal information with two felony counts under the Outer Continental Shelf Lands Act (OCSLA), 43 USC §1350, and two felony counts of a violation of the Clean Water Act, 33 USC §3319 (**Attachment 23**). On April 6, 2016, ERT was sentenced to 36 months of probation, fined \$4 million, and ordered to pay \$200,000 in restitution, which was described as a community service payment and was divided as follows: \$100,000 to the Southern Environmental Enforcement Network and \$100,000 to the National Marine Sanctuary (**Attachment 24**).

On October 12, 2017, a federal grand jury returned a three-count indictment against Johns for conspiracy, false statements, and obstruction of justice (**Attachment 25**). On December 20, 2017, Johns pled guilty to one count of false statements and was sentenced on March 22, 2018 to 24 months of probation and fined \$750 (**Attachment 26**).

(b) (7)(C)

(b) (7)(C) (**Attachment 27**).

We are providing this report to the Director of BSEE for any action deemed appropriate. We also provided details of the convictions to our Administrative Resolutions Division for debarment consideration.

**ATTACHMENTS**

1. ERT SS-225 INCs, dated November 29, 2012
2. BSEE Intake email, dated November 29, 2012
3. ERT SS-225 INC, dated November 30, 2012
4. SIID Memorandum of Interview of (b) (7)(C), dated November 30, 2012
5. SIID Memorandum of Interview of (b) (7)(C), dated November 30, 2012
6. (b) (7)(C) real BOP pressure test chart, unsigned and unlabeled
7. (b) (7)(C) of false BOP pressure test chart, unsigned and unlabeled
8. SIID Memorandum of Interview of Addington, dated December 18, 2012
9. SIID Memorandum of Interview of Johns, dated December 30, 2012
10. Investigative Activity Report – Interview of (b) (7)(C) dated January 16, 2014
11. Investigative Activity Report – Interview of (b) (7)(C) dated January 16, 2014
12. Investigative Activity Report – Interview of (b) (7)(C) dated January 16, 2014
13. Investigative Activity Report – Interview of (b) (7)(C) dated May 9, 2014
14. Investigative Activity Report – Interview of Addington, dated January 23, 2015
15. (b)(3)
16. Investigative Activity Report – Interview of Johns, dated May 23, 2014
17. (b) (7)(C) cell phone, dated October 15, 2014
18. (b) (7)(C), (b) (7)(E), dated April 2, 2015
19. (b)(3)
20. False BOP pressure test chart submitted to BSEE on November 29, 2012, signed and labeled

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21. Addington Criminal Information, dated January 26, 2015
22. Addington Judgement & Sentencing, dated May 20, 2015
23. ERT Criminal Information, dated November 30, 2015
24. ERT Judgement & Sentencing, dated April 6, 2016
25. Johns Criminal Indictment, dated October 12, 2017
26. Johns Judgement & Sentencing, dated March 22, 2018
27. (b) (7)(C)



## **ATTACHMENT 1**



## **ATTACHMENT 2**



## **ATTACHMENT 3**



## **ATTACHMENT 4**



## **ATTACHMENT 5**



## **ATTACHMENT 6**



## **ATTACHMENT 7**



## **ATTACHMENT 8**



## **ATTACHMENT 9**



## **ATTACHMENT 10**



OFFICE OF  
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U.S. DEPARTMENT OF THE INTERIOR

INVESTIGATIVE ACTIVITY REPORT

Case Title Energy Resources Technology	Case Number OI-OG-14-0051-I
Reporting Office Energy Investigations Unit	Report Date January 16, 2014
Report Subject Interview of (b) (7)(C)	

DETAILS

On January 16, 2014, Special Agent (b) (7)(C) interviewed (b) (7)(C) Well Operations Inspector for the Bureau of Safety and Environmental Enforcement (BSEE). Assistant United States Attorneys (b) (7)(C) and (b) (7)(C) were also present during the interview via telephone. The interview was held in the BSEE offices in Houma, Louisiana and was audio taped. Below is a summary of the information provided by Liner.

(b) (7)(C) stated that as a BSEE Well Operations Inspector, he inspects drilling rigs, production platforms and other oil and gas facilities working offshore in the Gulf of Mexico in order to ensure they are in compliance with BSEE regulations. (b) (7)(C) and worked in the private oil and gas industry for 17 years, starting in (b) (7)(C), in the Gulf of Mexico, onshore, and overseas, before joining BSEE in (b) (7)(C).

According to (b) (7)(C) he and fellow BSEE Inspector (b) (7)(C) landed on the Ship Shoal 225 (SS 225) facility on the morning of November 29, 2012 in order to conduct a routine inspection of the facility. He explained that BSEE has recently been trying to have more of an inspection presence on plug and abandonment (P&A) jobs and lift boats.

(b) (7)(C) said that when arriving at the facility he met personnel on the facility and started reviewing their pertinent paperwork, along with receiving an orientation with the crew. He said he specifically met with company man Race Addington and the Operations Supervisor, who worked for Chet Morrison Contractors; (b) (7)(C) could not recall the name of the Chet Morrison supervisor.

BOP Chart

(b) (7)(C) stated that during the inspection he reviewed a Blow Out Preventer (BOP) pressure test chart and discussed the chart with Addington and the Chet Morrison supervisor. (b) (7)(C) was then provided a copy of the BOP pressure test chart, identified as BOP Chart #1, that he reviewed the morning of November 29, 2012 on SS225. After reviewing BOP Chart #1, (b) (7)(C) said that he spent several minutes going over

Reporting Official/Title (b) (7)(C) J. Larrabee, Special Agent	Signature
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the chart with Addington and the Chet Morrison supervisor in order to explain to them why it was a failing test chart.

(b) (7)(C) explained that the chart showed that the lower range of the pressure test indicated that 400 pounds of pressure were being held, whereas the lower range should not exceed 200 pounds of pressure. According to (b) (7)(C) he had to explain these minimally acceptable range numbers to Addington and the Chet Morrison supervisor because they believed that the BOP pressure test chart they presented to (b) (7)(C) BOP Chart #1, represented a passing test. According to (b) (7)(C) the Chet Morrison supervisor told him at that time that he wasn't that familiar with the BSEE regulation requirements for BOP pressure tests.

Based upon the failing test, (b) (7)(C) said that he issued the facility an Incident of Non Compliance (INC). (b) (7)(C) said he believes (b) (7)(C) may have received a copy of the failing BOP Chart #1 during that visit or may have received a copy emailed to him afterwards.

According to (b) (7)(C) he had heard that the BSEE Inspectors who revisited SS 225 the next day on November 30, 2012 were presented with a second BOP pressure test chart. (b) (7)(C) did not go to the facility that day and stated that he personally would not receive documents presented to him after an inspection of a facility because the document could have been made after his initial inspection. He said that he is wary of post inspection document submissions because he spent many years working in the private industry and became familiar with how facility personnel may "make charts" that are not legitimate BOP pressure test charts. (b) (7)(C) stated that he personally had learned many years ago when working for private industry, how to make such false charts.

(b) (7)(C) said that he eventually revisited the SS 225 facility approximately one week after his initial November 29, 2012 inspection and witnessed facility perform a passing BOP pressure test.

(b) (7)(C) was then provided the BOP pressure test chart that was created on SS 225 during the night of (b) (3) (A) the facility created, identified as BOP Chart #2. After reviewing the chart, (b) (7)(C) said that he had never seen the chart prior to reviewing it during the interview. (b) (7)(C) was then told that company man Addington had stated during an interview with BSEE Investigations and Review Unit (IRU) that when he (Addington) was given BOP Chart #2 on the morning of November 28, 2012 by the night crew that had run the BOP pressure test, he thought the chart "looked like crap." (b) (7)(C) said that he agreed with Addington's statement that the chart "looked like crap" because it showed that the needed pressures were not being held. (b) (7)(C) commented, however, in comparison to BOP Chart #1, BOP Chart #2 looked more realistic to him because the lines indicating the pressure build-up looked like a real pressure test.

(b) (7)(C) was then informed that Addington claimed to IRU investigators that BOP Chart #1 was not the real BOP pressure test chart, but rather the chart represented a "function test" of the chart recorder that was created during the day of November 28, 2012. (b) (7)(C) was further informed that Addington claimed that both BOP Chart #1 and (b) (3) (A), BOP Chart #2, were given to BSEE inspectors on the morning of November 29, 2012 and the BSEE inspectors should have been able to know which chart was the real BOP pressure test chart and which chart represented the "function test." In response, (b) (7)(C) stated that he was not provided two BOP pressure charts the morning of his inspection, but rather he was only provided BOP Chart #1. He further explained that if he were ever provided two charts, he would ask the company man which chart represented the BOP pressure test.

(b) (7)(C) was then informed that during an IRU interview of Chet Morrison Supervisor Kenneth Johns, Johns had told IRU that it was a mistake that BOP Chart #1 was provided to (b) (7)(C) when (b) (7)(C) inspected the facility on the morning of November 29, 2012 because that chart represented a “function test” and was never meant to represent the real BOP pressure test.

In response to this claim made by Johns, (b) (7)(C) stated that such a claim does not make sense to him. After reviewing the real BOP pressure test chart, BOP Chart #2, and comparing it the chart that was provided to him on the morning of November 29, 2012, BOP Chart #1, (b) (7)(C) stated that, due to the fact that the charts look very different from each other, he does not believe it possible that Addington and the Chet Morrison supervisor (Johns) did not realize they were discussing the false chart with him while he spent several minutes explaining to them why the chart was a failing test.

In addition to (b) (7)(C) belief that John’s claim that it was simply a mistake that BOP Chart #1 was provided to him the morning of the inspection, (b) (7)(C) stated that he does not believe Addington’s claim that the BOP Chart #1 was made during a “function test,” because a “function test” is comprised of simply opening and closing the RAMs, takes no more than 10 minutes, and there is no reason to make any type of chart when conducting such a test. (b) (7)(C) further stated that a chart similar to BOP Chart #1, which looks like a true BOP pressure test chart, would never be made if they were testing the pumps or the chart recorder.

On a separate audio recording, (b) (7)(C) was later asked to review video footage of two individuals on SS 225 creating BOP Chart #1 the day before (b) (7)(C) inspection of the facility. After reviewing the video footage, (b) (7)(C) made the following observations:

- The chart recorder box/housing was open and it should never be open during a true BOP pressure test.
- One of the individuals making the chart was tapping the side of the chart recorder box/housing, which indicated to (b) (7)(C) an attempt to imitate vibrations that would be seen on a true test chart.
- The pump and chart recorder are not connected to the BOP in anyway, and in fact the BOP is on the other side of the facility, approximately 40-50 feet away.
- The individuals are not “testing anything”; they would not be conducting a chart recorder test with the box/housing open and are not testing a pump.
- One of the individual’s comment that they are “calibrating their equipment” makes no sense because there was no calibration gauge being used, along with the fact that equipment is never calibrated in the field, but rather it is calibrated onshore in an office setting. (b) (7)(C) stressed this is especially the case on a lift boat because there would be far too much vibration on a lift boat to be able to calibrate anything.
- One of the individuals had his hand on the chart and appeared to be “rolling” the chart in order to create the lines he wanted on the chart; there would be no reason to ever do such a thing if you were testing anything, but rather it is only done in order to manipulate a chart.
- (b) (7)(C) then stated, in his expert opinion, the individuals in the video are “making a chart.” He supported his opinion by stating that he has seen this done before when he worked in private industry.
- (b) (7)(C) also stated that he recognized the individual working the pump that was attached to the chart recorder in the video as a Chet Morrison supervisor he has had many interactions with. (b) (7)(C) stated that he has spent a lot of time explaining BSEE regulations to this person about BOP pressure tests and well control, and therefore observing him in the video “making a chart” gives (b) (7)(C) “grave concern.”

#### Hot Work

(b) (7)(C) stated that remembered seeing bolts on the ground during the November 29, 2012 inspection, but he did not perform any inspection duties related to the hot work issue. He said that he believes fellow

BSEE Inspector (b) (7)(C) addressed the hot work issue.



## **ATTACHMENT 11**



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INVESTIGATIVE ACTIVITY REPORT

Case Title Energy Resources Technology	Case Number OI-OG-14-0051-I
Reporting Office Energy Investigations Unit	Report Date January 16, 2014
Report Subject Interview of (b) (7)(C)	

DETAILS

On January 16, 2014, Special Agent (b) (7)(C) interviewed (b) (7)(C) (b) (7)(C), Bureau of Safety and Environmental Enforcement (BSEE). Assistant United States Attorney (b) (7)(C) was also present during the interview via telephone. The interview was held in the BSEE offices in Houma, Louisiana and was audio taped. Below is a summary of the information provided by (b) (7)(C)

(b) (7)(C) stated that as the Houma (b) (7)(C) of all district operations, including both offshore petroleum production and offshore well operations in the Houma district of the Gulf of Mexico.

According to (b) (7)(C) his office received a whistleblower complaint on November 29, 2012 regarding the offshore Ship Shoal 225 (SS 225) facility operated by Energy Resource Technology (ERT). He said the complaint alleged unsafe/illegal hot work was being performed on the facility; that overall safety was being ignored; and the potential falsification of Blow Out Preventer (BOP) pressure test charts. In response, (b) (7)(C) said that he organized an inspection of the facility the next day in order to look into these allegations. He said that he specifically remembers BSEE (b) (7)(C) Inspector (b) (7)(C) accompanied him to the SS 225 facility the next day, but could not specifically remember which other inspectors also traveled to the facility with him on November 29, 2012.

(b) (7)(C) said that his primary purpose for the visit was to speak with the production crew on the SS 225 facility in order to ensure they knew, per BSEE regulations, that a live well needs to be shut in if hot work will be performed in the bay area.

According to (b) (7)(C) he spoke with the company man Race Addington when he arrived at the SS 225 facility and Addington admitted that hot work had been performed in the same bay area as a live, flowing well. (b) (7)(C) said that he learned that a production crew had been waiting to shut the well

Reporting Official/Title (b) (7)(C), Special Agent	Signature
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in before the hot work was performed, but eventually they went to bed and when the plug & abandonment (P&A) crew started the hot work, the production crew was never notified so that they could shut in the live well.

(b) (7)(C) stated that Addington told him that he was not aware of the specific requirements of the BSEE regulations regarding hot work and Addington had taken some precautionary steps to protect the live well from errant sparks by wrapping a tarp around the well head. (b) (7)(C) then explained that BSEE will sometimes allow hot work to be performed in a bay area with a live well flowing, but only if the operator first contacts BSEE and explains specifically what precautionary steps they plan on taking, which then must be approved by BSEE prior to any hot work being performed. According to (b) (7)(C) however, Addington's precautionary step of wrapping a tarp around the flowing well head was an outdated precautionary method and BSEE would not have allowed hot work to be performed based on that precautionary action.

(b) (7)(C) said that it is a common theme with Addington that he regularly claims to not be as knowledgeable about BSEE offshore regulations as he should be. (b) (7)(C) said that he believed Addington had been in the oil business for many years, but he had not been performing offshore work for that long. Therefore, Addington regularly uses his lack of offshore experience as an excuse for not being familiar with BSEE offshore regulations.

(b) (7)(C) was then provided a copy of an Incident of Non Compliance (INC) that was issued to ERT in April 2010, wherein Addington was the company man, which concerned improper hot work resulting in a fire on the facility. After reviewing the 2010 INC, (b) (7)(C) stated that the regulation Addington violated in the 2010 INC was within the same area of regulations as the restriction on hot work being performed in the bay area with a live well flowing, which was the reason BSEE issued Addington the INC on the SS 225 on November 30, 2012.

(b) (7)(C) stated that prior to seeing the 2010 INC, he had not realized that Addington had been performing offshore P&A work since April 2010 and he then pointed out that Addington's three years of offshore experience performing P&A activities represents a "lifetime" of experience because a company can perform 50-60 P&A's in one year. Accordingly, (b) (7)(C) explained that any company man who has been working in the offshore P&A business for over three years should be very aware of the applicable BSEE regulations, and therefore Addington's recent claim of ignorance concerning the BSEE regulations is a "very weak excuse."

(b) (7)(C) then pointed out that Addington was the company man during a recent, significant well control incident where there was an uncontrolled flow from an offshore well. According to (b) (7)(C) the incident stemmed from P&A operations on another ERT facility, and resulted in INCs being issued, along with civil penalties being assessed.



## **ATTACHMENT 12**



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INVESTIGATIVE ACTIVITY REPORT

Case Title Energy Resources Technology	Case Number OI-OG-14-0051-I
Reporting Office Energy Investigations Unit	Report Date January 16, 2014
Report Subject Interview of (b) (7)(C)	

DETAILS

On January 16, 2014, Special Agent (b) (7)(C) interviewed (b) (7)(C) Inspector for the Bureau of Safety and Environmental Enforcement (BSEE). The interview was held in the BSEE offices in Houma, Louisiana and was audio taped. Below is a summary of the information provided by (b) (7)(C).

(b) (7)(C) stated that as a (b) (7)(C) Inspector, he (b) (7)(C) BSEE Inspectors who travel offshore to inspect drilling rigs, production platforms and other oil and gas facilities in the Gulf of Mexico in order to ensure they are in compliance with BSEE regulations. (b) (7)(C) has worked in this (b) (7)(C) role for BSEE since (b) (7)(C).

According to (b) (7)(C) BSEE's Houma office received a whistleblower complaint on November 29, 2012 regarding the offshore Ship Shoal 225 (SS 225) facility operated by Energy Resource Technology (ERT). The complaint alleged unsafe/illegal hot work was being performed on the facility; that overall safety was being ignored; and the potential falsification of Blow Out Preventer (BOP) pressure test charts. In response, (b) (7)(C) diverted BSEE Inspector (b) (7)(C) to SS 225 on the afternoon of November 29, 2012 in order to collect documents related to the allegations.

Based on the whistleblower allegations, (b) (7)(C) said that he accompanied Houma (b) (7)(C) (b) (7)(C) and Inspectors (b) (7)(C) and (b) (7)(C) the next day, November 30, 2012, on an inspection of the facility in order to look into the allegations. During their inspection of the facility, (b) (7)(C) observed nuts and bolts that were cut off by hot work in the bay area of well heads, along with a flowing well in the bay area. He said that the crew admitted that they had performed hot work in the bay area with the flowing well nearby.

According to (b) (7)(C) the BSEE inspectors were told that a production crew had been waiting to shut the well in before the hot work was performed, but eventually they went to bed and when the plug & abandonment (P&A) crew started the hot work, the production crew was never notified so that they

Reporting Official/Title (b) (7)(C), Special Agent	Signature
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could shut in the live well.

Regarding the BOP pressure chart falsification allegation, (b) (7)(C) said that he was not aware of the crew offering any of the BSEE inspectors a second BOP pressure chart on November 30, 2012 when they were inspecting the facility. He said, however, that he inspected the BOP pressure test chart boxes and equipment on the facility and the locations for the equipment and boxes seemed fine to him, yet they were all disconnected at the time of the inspection.

Based upon his statements that he is very conversant with BOP pressure testing, (b) (7)(C) was asked to review video footage of two individuals on SS 225 creating the BOP chart that company man Race Addington presented to BSEE Inspector (b) (7)(C) the morning of November 29, 2012 as their official BOP pressure test chart. After reviewing the video footage, (b) (7)(C) made the following observations:

- One of the individuals making the chart was tapping the side of the chart recorder box/housing, however this can occur when a real chart is being made because they could be attempting to "center the pen."
- The pump and chart recorder are not connected to the BOP in anyway, and therefore the only conclusion can be that they are falsifying a chart.
- One of the individuals had his hand on the chart and appeared to be "rolling" the chart in order to create the lines he wanted on the chart, which means that they are falsifying a chart. According to (b) (7)(C) the individual must have loosened the center bolt on the chart recorder in order to detach it from the axle of the chart, and there is never any valid reason for having your hand move the chart other than to falsify a chart.

(b) (7)(C) concluded his observations of the video clip by stating that if the chart he observed being made in the video was presented to BSEE as a valid BOP pressure chart, than their actions constituted nothing other than a "falsification of documents."



## **ATTACHMENT 13**



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INVESTIGATIVE ACTIVITY REPORT

Case Title Energy Resources Technology	Case Number OI-OG-14-0051-I
Reporting Office Energy Investigations Unit	Report Date April 29, 2014
Report Subject Interview of (b) (7)(C)	

DETAILS

On April 29, 2014, Special Agents (b) (7)(C) and (b) (7)(C), Office of Inspector General (OIG), US Department of the Interior (DOI), interviewed (b) (7)(C), Chet Morrison Contractors. The purpose of the interview was to discuss events that occurred on the Ship Shoal 225 (SS 225) facility in the Gulf of Mexico, operated by Energy Resources Technology (ERT), from November 27 – 30, 2012, related to the creation of Blowout Preventer (BOP) pressure test charts. The interview was audio recorded and took place at (b) (7)(C), New Orleans, LA. SA (b) (7)(C) informed (b) (7)(C) that the interview was voluntary and (b) (7)(C) could terminate the interview at any time. Below is a summary of the information provided by (b) (7)(C).

(b) (7)(C) stated that as a (b) (7)(C), he worked at (b) (7)(C) while working on SS 225 during the time period of November 27 – 30, 2012. He explained that this (b) (7)(C) (b) (7)(C) daytime supervisor, “Tex” Kenneth Johns, and (b) (7)(C) (b) (7)(C).

According to (b) (7)(C) “the whole job [on SS 225] was messed up from the beginning.” He said that the facility’s operator, ERT and the Company Man, Race Addington, didn’t ensure that all of the necessary equipment was on the facility for the work that needed to be completed. He said that it seemed to him like ERT/Addington and the contractors were “not on the same page.” (b) (7)(C) further stated that even though Addington had stated during a safety meeting that they were all “on the same team,” (b) (7)(C) felt the exact opposite because there was very little teamwork between the contractors and ERT/Addington. (b) (7)(C) then provided as an example how the night Company Man (b) (7)(C) “ran off” (b) (7)(C) employees for no real reason in (b) (7)(C) mind.

(b) (7)(C) stated that Johns had told Addington that some workers were uncomfortable doing hot work around a “pressure area.” Addington then asked everyone “Who is not comfortable?,” and then stated to the workers “I will run y’all off” if you don’t do as directed. According to (b) (7)(C) Addington made it very clear to all the contract workers that they would be run off the facility if they voiced their

Reporting Official/Title (b) (7)(C), Special Agent	Signature
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discomfort about a safety issue. (b) (7)(C) said Addington's attitude made (b) (7)(C) feel very uncomfortable about Addington's approach to the overall job. He said that he became so uncomfortable that he did not believe he could go to Addington about any potential safety issues in fear of being run off himself.

(b) (7)(C) said that prior to working on SS 225 he had assisted with BOP pressure testing on other facilities, yet he had never been responsible for running the tests, but rather he only assisted as a "helper." He then explained that he was far more familiar with temporary abandonment operations, which the regulations allowed for a 10% drop in pressure when testing pressures. Therefore, he was under the misconception that a 10% drop in pressure was also allowed during BOP pressure testing. According to (b) (7)(C) he later learned that the regulations do not allow any drop in pressure during either the low pressure test or the high pressure test for BOPs.

On the night of November 27, 2012, (b) (7)(C) said that he assisted with the BOP pressure testing under (b) (7)(C). According to (b) (7)(C) however, his company [Chet Morrison Contractors] was not running the test, but rather he was simply assisting another company, Magnolia Torque, which ran the test.

(b) (7)(C) stated that after he awoke on the morning of November 28, 2012 he asked Johns what their duties were for that day, Johns informed him that Addington had instructed them to make a "replica" BOP pressure test chart with a different pump hooked up directly to a chart recorder in order to compare that replica chart with the real BOP pressure test chart that was created the evening before. (b) (7)(C) said that he refers to a replica chart as a "trash" chart.

According to (b) (7)(C) Johns told him that Addington wanted to see how the new pump would react to the pressures in comparison to the pump that was used the previous evening to make the real BOP pressure test chart. When asked why they would make a chart to test a pump, rather than simply watching the pump gauge, (b) (7)(C) stated that Addington specifically wanted a chart to be made so that he could compare the two charts "side by side" in order to compare the pumps' abilities to hold pressure.

(b) (7)(C) said that based upon this instruction from Addington, he and Johns hooked the new pump up directly to the chart recorder and made several replica charts. He said that he did not close the chart recorder's window while making the replica charts because he needed to spin the charts with his hand. According to (b) (7)(C) he needed to spin the charts in order to save time making them, rather than waiting five minutes for the chart to roll on its own. He said that he had no problem doing this inasmuch as they were replica charts anyway and were not hooked up to the BOP, and were not meant to be turned in to anyone.

When asked if it occurred to him that he may be doing something inappropriate in making the replica charts, (b) (7)(C) stated that it did not occur to him that he was doing anything wrong. He explained that he was only doing what he was instructed to do by Addington. (b) (7)(C) further said that he had no knowledge of what Addington's intentions were regarding the replica charts that he and Johns made. (b) (7)(C) acknowledged that Addington could have intended to submit the replica charts to the government as real BOP pressure test charts when he directed (b) (7)(C) and Johns to make them, but (b) (7)(C) had no knowledge of such intentions by Addington at the time he assisted Johns in making the replica charts.

According to (b) (7)(C) he is not certified in calibrating a chart recorder and he has never technically calibrated a chart recorder. He said that he has in the past adjusted a needle to make sure it is lined up with the zero time line on a chart recorder by adjusting a screw. He explained that sometimes the chart recorders can be bumped around on a facility and therefore the needle does not always fall squarely on the zero time line. He noted that this is not the same thing as technically calibrating a chart.

When asked if there would ever be a reason to sign a replica chart after it was made, (b) (7)(C) agreed that there would never be a reason to do so if it was known to be a replica chart. He then said that the office where he and the other (b) (7)(C) were working on SS 225 was "very small" and there was paperwork scattered about the office, suggesting that someone may have signed a replica chart without realizing it was a replica chart.

(b) (7)(C) also said that Johns had told him that he pre-signed charts on his table in the office. (b) (7)(C) however, could not remember if he made the replica charts on pre-signed charts. He said that he did not know if Johns had signed a replica chart after it was made or whether Johns had pre-signed the charts before they were made. (b) (7)(C) stated that he has pre-signed charts in the past, but he would always throw a replica chart away after making the chart.

According to (b) (7)(C) he did not observe Addington and Johns providing the Bureau of Safety and Environmental Enforcement (BSEE) Inspectors the replica chart when the BSEE Inspectors arrived on the SS 225 facility on November 29, 2012. He said that he saw Addington and Johns sitting at a table on SS 225 with the BSEE Inspectors discussing Incidents of Non Compliance (INCs) later in the day during the BSEE Inspector's visit.

(b) (7)(C) stated that Johns told him on the afternoon of November 30, 2012, the day after the BSEE Inspectors first visited the facility, that Addington submitted the wrong chart to the BSEE Inspectors. According to (b) (7)(C) when Johns told him that Addington submitted one of the replica charts, (b) (7)(C) was not worried about the fact that he and Johns had created the replica chart. He explained that inasmuch as he did not know about any possible intentions of Addington to submit a replica chart to BSEE, he does not believe he did anything wrong. (b) (7)(C) then observed that if Addington had intended to submit a replica chart to BSEE before he directed (b) (7)(C) and Johns to make such a chart, then Addington was the one who would be in trouble. (b) (7)(C) reiterated that he never imagined such a thing happening.

(b) (7)(C) stated that there was no benefit to him in making a replica BOP chart to intentionally be turned into the government. He said that he couldn't be pressured by Addington or anyone else into intentionally doing something illegal by the threat of being "run off." (b) (7)(C) relayed that he would still get paid even if he was "run off" due to the fact that as a (b) (7)(C).

(b) (7)(C) also said that he has nothing to gain in trying to protect Johns and Addington by lying about what he knew at the time he made the replica chart. He said that he does not know if Addington intended to submit the replica chart to BSEE when he directed (b) (7)(C) and Johns to make the chart, nor did he know if Johns was aware of Addington's intentions to do such a thing. (b) (7)(C) then stated that he would never lie to protect Johns or Addington because he does not care about them. He said that he would never do anything illegal that would endanger his ability to provide for his family. (b) (7)(C) then reiterated that he never personally intended the replica charts he made to be submitted to the government.

According to (b) (7)(C) “sitting here now,” he believes that Addington “absolutely” intended to submit the replica chart to BSEE when he directed (b) (7)(C) and Johns to make the charts, and that Johns “probably” knew of Addington’s intentions.

When informed that the government was in possession of a video recording of him and Johns making the replica charts, (b) (7)(C) stated that even though he doesn’t believe he was doing anything wrong or illegal he would not want to be video recorded making the replica charts because it could be perceived as if he was doing something improper. When asked if he consistently tapped the side of the chart recorder while making the replica chart, (b) (7)(C) stated that he did tap the chart recorder box in order to avoid having the needle stick on the chart. He explained that this tapping helps the needle move more smoothly and not get hung up, and he does it all the time when making real charts. When asked why he stated in the video recording while making the replica charts “our lines are too pretty and level,” “you are not recording this are you,” and “we are just calibrating our equipment,” (b) (7)(C) reiterated that he was worried about such a video recording making a poor perception.

According to (b) (7)(C) he talked to Johns prior to arriving for his interview and Johns told (b) (7)(C) that Chet Morrison Contractors had an attorney that could participate in the interview. (b) (7)(C) said he declined the offer because he does not believe he did anything wrong or illegal. (b) (7)(C) then said that he came to meet with OIG because he had nothing to hide and wanted to simply tell the truth.

(b) (7)(C) stated that during his conversation with Johns, Johns asked (b) (7)(C) to not include Johns’ name when discussing a certain topic, yet (b) (7)(C) could not remember what that topic was. (b) (7)(C) then offered to call Johns and ask him what the topic was that Johns did not want his name associated with. (b) (7)(C) also offered to allow the OIG to audio record his conversation with Johns.

*Agent’s Note:* (b) (7)(C) was provided an (b) (7)(E) to make his telephone call to Johns. The conversation was recorded and is documented in a separate Investigative Activity Report. The following is a summary of (b) (7)(C) interview following his telephone conversation with Johns.

(b) (7)(C) said that Johns stated that he thought he had asked (b) (7)(C) to not mention Johns’ name when discussing hot work issues. According to (b) (7)(C) Johns said that Addington had directed both Johns and (b) (7)(C) to make the replica charts, which (b) (7)(C) denied being the case. Johns further stated to (b) (7)(C) that all of the charts, including the real one and the replica charts were thrown on a desk in their office, signed and unsigned. (b) (7)(C) said that Johns claimed that he did not know if Addington had intended to submit the replica chart to BSEE.



## **ATTACHMENT 14**



OFFICE OF  
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INVESTIGATIVE ACTIVITY REPORT

Case Title Energy Resources Technology	Case Number OI-OG-14-0051-I
Reporting Office Energy Investigations Unit	Report Date January 23, 2015
Report Subject Memorandum of Proffer Meeting/Interview – Race Addington, Company Man, Stokes & Spiehler	

DETAILS

On January 23, 2015, Assistant United States Attorney (AUSA) (b) (7)(C), U.S. Attorney's Office for the Eastern District of Louisiana, Special Agent (b) (7)(C), Energy Investigations Unit, Office of Inspector General, U.S. Department of the Interior (OIG), and Special Agent (b) (7)(C) (b) (7)(C), Criminal Investigation Division, Environmental Protection Agency (EPA-CID), interviewed Race Addington, Company Man, Stokes & Spiehler at the U.S. Attorney's Office in New Orleans, Louisiana. Prior to the interview, Addington signed a Bill of Information and Factual Basis charging him for two counts of Title 18 United States Code, Section 1001 – False Statements. During the interview, Addington was asked about the events that occurred on the Ship Shoal 225 platform during November 27 – 30, 2012 as they related to the creation of a false blowout preventer test that was submitted to the Bureau of Safety and Environmental Enforcement (BSEE) on November 29, 2012. Also present during the interview were Addington's attorneys, (b) (7)(C) and (b) (7)(C). The following is a summary of the information Addington provided during the interview.

Addington acknowledged that he was the company man, representing Energy Resource Technology GOM (ERT), in charge of operations on the Ship Shoal 225 platform (SS 225) in the Gulf of Mexico during November 27 – November 30, 2012. According to Addington, a blowout preventer (BOP) pressure test was conducted on SS 225 during the evening of November 27, 2012. Addington stated that employees of Chet Morrison Contractors (CMC) were in charge of conducting the BOP pressure test and the CMC supervisor in charge of the testing was (b) (7)(C) (b) (7)(C) Addington's (b) (7)(C) (b) (7)(C), was the company man who was responsible for overseeing the test.

Addington explained that (b) (7)(C) of Magnolia Torque and Testing Inc. assisted CMC in conducting the test because it was necessary for (b) (7)(C) to utilize a smaller pump to test the low pressure capabilities of the BOP. According to Addington, the BOP testing ended around midnight on the evening of November 27, 2012.

Addington stated that after he awoke on the morning of November 28, 2012, he reviewed the BOP

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pressure test chart (BOP chart) from the previous evening. Addington did not remember if someone handed him the BOP chart or whether it was left in his office for him to review. He said that when he reviewed the BOP chart, he thought it “looked like shit.” As a result, admitted Addington, he decided to have a false BOP chart created. In furtherance of this decision, Addington explained that he approached CMC employees Kenneth Johns and (b) (7)(C) and asked them to create a false BOP chart. According to Addington, Johns and (b) (7)(C) were both fully aware of his intent to place the false BOP chart into the well file that would ultimately be provided to BSEE inspectors.

Once Johns and (b) (7)(C) completed the false BOP chart, Addington believes that they placed it on Addington’s desk, next to the real BOP chart. Addington acknowledged that one of the whistleblowers that later reported information to BSEE must have taken photographs of the two BOP charts, fake and real, sometime after Johns and (b) (7)(C) placed the fake chart on his desk with the real chart. Addington reviewed the photographs of the two BOP charts OIG provided to him, which were both unsigned and unlabeled, and acknowledged that they were photographs of both the fake and real chart.

*(Agent’s Note: The whistleblowers that originally reported information to BSEE about allegedly improper activities on SS 225 were (b) (7)(C) and (b) (7)(C), (b) (7)(C)*

*(b) (7)(C) of the unsigned and unlabeled fake and real BOP charts on the afternoon of November 28, 2012, (b) (7)(C)*

Addington did not remember exactly when he requested (b) (7)(C) to label the fake chart, but believes that he did so after BSEE inspectors had arrived on SS 225 for a routine inspection the next morning, on November 29, 2012. Addington additionally said that he was not certain whether he specifically asked Johns to sign the fake chart at that time. Addington does, however, specifically remember sitting down with a BSEE inspector during the inspection so that the inspector could explain to him why the fake BOP chart was not a passing test. He acknowledged that, at that time, the BSEE inspector issued him an Incident of Noncompliance (INC) for the failing BOP test. Addington also stated that Johns was “positively” sitting with him during the discussion with the BSEE inspector when they were discussing the fake BOP chart.

OIG provided to Addington a copy of the (b) (3) (A) and asked if that diagram was created in relation to the real BOP test chart or the fake BOP test chart. Addington stated that the diagram was created in relation to the fake BOP test chart. He said that the diagram was created because the BSEE inspector requested a diagram that corresponded to the BOP chart that BSEE had been provided (the fake BOP chart). Based upon BSEE’s request, Addington said that he requested (b) (7)(C) to label a generic BOP diagram that corresponded to the fake BOP chart and then Johns signed the diagram. Accordingly, (b) (7)(C) completed the diagram and Johns signed the diagram the morning the BSEE inspectors were present on SS 225, November 29, 2012, so that it could be provided to BSEE inspectors along with the fake BOP chart.

After the BSEE inspectors left SS 225 on November 29, 2012, Addington acknowledged that he emailed a scanned copy of the false BOP chart to BSEE inspector (b) (7)(C) later that morning as a follow up to the inspection.

In the afternoon of November 29, 2012, another BSEE inspector, (b) (7)(b) (7)(C) visited SS 225 and requested the original BOP chart, along with other original documents related to hot work that had recently been completed on SS 225. According to Addington, he provided the fake BOP chart to

(b) (7)(C). Addington admitted that (b) (7)(C) visit was the event that triggered Addington's suspicion that BSEE may have become aware that the BOP chart Addington provided was a false chart.

Addington explained that after BSEE inspector (b) (7)(C) left SS 225, Johns and (b) (7)(C) approached Addington and informed him that one of the whistleblowers had seen them making the false BOP chart. According to Addington, this was the point in time when he fabricated the story that the fake chart was made while calibrating/testing the recorder equipment and was then mistakenly provided to BSEE. Addington said that he made up this lie because he wanted to try to cover up the fact that they had made a false chart and submitted it to BSEE. He said it was the "snowball effect" of trying to cover up an original lie with more lies. Addington further stated that he discussed this lie with Johns and (b) (7)(C) so that they would all be able to tell the same story, if asked.

After Addington decided to fabricate the lie about the false chart being mistakenly provided to BSEE, he said that he had (b) (7)(C) sign the real BOP chart so that he could present it to BSEE inspectors when they returned to SS 225 the next day, on November 30, 2012. According to Addington, (b) (7)(C) did not know that Addington had submitted a false BOP chart the previous day and therefore (b) (7)(C) had no reason to ask Addington questions about the BOP chart. Addington said that he tried giving the real BOP chart to BSEE inspectors on November 30, 2012 when they returned to the facility, but they were not interested in keeping it because it also represented a failing chart and therefore would not affect the INC that BSEE issued to Addington on November 29, 2012 for a failing BOP chart.

Addington was then informed that Johns had stated to AUSA (b) (7)(C) that he had found the real BOP chart in a stack of papers in his office after BSEE inspectors had left SS 225 and that he brought it to Addington because he realized that they must have mistakenly provided the calibration/test BOP chart to BSEE earlier that morning. Addington responded by stating that Johns' statement to AUSA (b) (7)(C) was lie. Addington speculated that Johns had told this lie to AUSA (b) (7)(C) in an effort to support the fabricated story that he, Johns, and (b) (7)(C) agreed to tell officials after BSEE inspector (b) (7)(C) visit to SS 225 on the afternoon of November 29, 2012.

Addington was also informed about Johns' statement to BSEE's Investigation and Review Unit (IRU) and AUSA (b) (7)(C) that he had used a pre-signed BOP chart when creating the fake chart, and therefore he did not sign the fake chart after it was made. Addington responded by stating that Johns had informed him during a telephone call that Johns had made up the story about the chart being pre-signed and told IRU investigators that lie during his interview with IRU.

Addington was asked if (b) (7)(C) knew that Addington had intentionally created and submitted the false BOP chart to BSEE inspectors. Addington said that (b) (7)(C) had no knowledge of Addington's actions. Addington was also asked if (b) (7)(C) was aware of Addington's actions and Addington stated that (b) (7)(C) had no such knowledge. Addington concluded by stating no one else on SS 225, beyond Johns and (b) (7)(C) knew about their intent to create and submit a false BOP chart to BSEE inspectors.

According to Addington, it is his belief that the real BOP chart showed a failing test due to operator error, rather than the BOP not being fully operational. He said he created the fake BOP chart and lied about the matter in order to protect the inefficiencies of the (b) (7)(C) that ran the BOP pressure test.

#### Clean Water Act allegations

EPA- CID SA (b) (7)(C) informed Addington about the allegations that ERT was manipulating water samples with coffee filters. Addington stated that he had heard about the allegations but he had not

observed any of instances of water sample manipulation. Addington explained that he works on production platforms, yet he is not intimately familiar with the production process and the only part of the water sampling process that he is aware of is that the samples are taken in jars and then brought onshore for testing.

According to Addington, the production-leads would be the personnel knowledgeable about water sampling. He then speculated that platforms with a larger amount of production would be the best platforms to inquire with about the water sampling issue. Addington said that he could provide a list of production-leads and their respective platforms to EPA-CID in order to assist their investigation into the matter.



## **ATTACHMENT 15**



## **ATTACHMENT 16**



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INVESTIGATIVE ACTIVITY REPORT

Case Title Energy Resources Technology	Case Number OI-OG-14-0051-I
Reporting Office Energy Investigations Unit	Report Date May 23, 2014
Report Subject AUSA interview of Kenneth Johns	

DETAILS

On May 23, 2014, Assistant United States Attorney (b) (7)(C) and Special Agent (b) (7)(C), Office of Inspector General (OIG), US Department of the Interior (DOI), interviewed Kenneth Johns, Daytime Supervisor, Chet Morrison Contractors (CMC), at the United States Attorney's Office, 650 Poydras Street, New Orleans, LA. Also in attendance was counsel for CMC, (b) (7)(C). The purpose of the interview was to review events that occurred on the Ship Shoal 225 (SS 225) facility in the Gulf of Mexico, operated by Energy Resources Technology (ERT), from November 27 – 30, 2012, related to the creation of Blowout Preventer (BOP) pressure test charts.

*Agent's Note:* SA (b) (7)(C) did not record this interview because AUSA (b) (7)(C) led the questioning and it was not originally scheduled to be a full interview, but rather spontaneously became an extended question and answer discussion in which SA (b) (7)(C) was present.

Johns stated that on the morning of November 28, 2012 he observed that Company Man Race Addington had hooked up a pump directly to a Blowout Preventer (BOP) pressure test chart recorder in the break area of the SS 225 platform. According to Johns, Addington asked Johns to assist in testing the pump in order to see if it could hold certain pressures.

Johns explained that the pump was connected directly to the BOP pressure test chart recorder so that the recorder could identify if the pump was holding pressures for certain time frames. Johns acknowledged that the pump and the chart recorder were not connected to the BOP at any time during this process. Johns said that when he first started helping Addington, the pump would "bleed off" right away and not hold any pressure. According to Johns, he then made several adjustments to the hose connections and the chart recorder in an effort to have the pump hold pressures. Addington told Johns to keep testing the pump throughout the day and make test charts while doing so.

Johns said that CMC (b) (7)(C) assisted him in this effort. According to

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Johns, he and (b) (7)(C) eventually were able to make certain adjustments that allowed the pump to hold pressures. Johns stated that he and (b) (7)(C) then continued "testing the pump" by making several BOP pressure test charts throughout the day on November 28, 2012.

According to Johns, he used pre-signed (otherwise blank) pressure test charts that he had brought onto the SS 225 facility when making the pressure test charts on November 28, 2012. He explained that he had several pre-signed pressure test charts before coming aboard SS 225 that were left over from a previous job and he used these pre-signed charts when making "scrap" charts. Johns further stated that he and (b) (7)(C) also used some charts that were not pre-signed, but rather were entirely blank. Johns was not certain how many BOP pressure test charts he and (b) (7)(C) made on November 28, 2012.

Johns stated that he was not with Addington when Addington submitted the BOP pressure test chart to the Bureau of Environmental Enforcement (BSEE) Inspectors on the morning of November 29, 2012. According to Johns, he was not present when the BSEE Inspector explained to Addington that the BOP pressure test chart Addington submitted was a failing test chart.

Johns acknowledged that the chart submitted to BSEE on the morning of November 29, 2012 contained his signature and was not the real BOP pressure test chart that was created when the BOP was actually tested on the evening of November 27, 2012. According to Johns, after the BSEE Inspectors had left the SS 225 platform on November 28, 2012, he noticed in the office that he shared with other staff on SS 225 what appeared to be the real BOP pressure test chart in a stack of papers on a desk. He said he recognized the (b) (3) (A)

on the evening of November 27, 2012.

According to Johns, he brought the real BOP pressure test chart to Addington and told Addington that Addington must have mistakenly given one of Johns' pre-signed "scrap" charts to BSEE instead of the real BOP pressure test chart. Johns stated that the pressure test chart that Addington submitted to BSEE had to have been one of the pre-signed charts that he brought onto the SS 225 facility because Johns did not sign any BOP pressure test charts while on SS 225. Johns further acknowledged that there would not be any legitimate reason for him to sign one of the "scrap" pressure test charts that he and (b) (7)(C) made with the pump connected directly to the chart recorder after the chart was made because Johns knew the chart was only created to test the pump, not a BOP.

Johns said that he gave Addington the real BOP pressure test chart on the afternoon/early evening of November 29, 2012 and told Johns he would send it to BSEE. Johns acknowledged that he does not know how Addington could not have noticed that the "scrap" chart Addington submitted to BSEE that morning had John's signature on the chart, rather than (b) (7)(C) signature.

Johns said that he was unaware whether Addington intended to submit the false chart to BSEE. Johns said that he had no direct knowledge of any such intent on Addington's part. According to Johns, it did not occur to him that Addington may have intended to submit a "scrap" pressure test chart to BSEE when Addington directed Johns and (b) (7)(C) to make the multiple pressure test charts on November 28, 2012. Johns said that he was simply doing as directed by the Company Man, Addington, when he made the multiple "scrap" BOP pressure test charts.



## **ATTACHMENT 17**



United States Department of the Interior  
Office of Inspector General

CONSENT TO SEARCH COMPUTERS / DIGITAL DEVICES

I, (b) (7)(C), have been asked to give my consent to the search of my computer/electronic equipment. I have also been informed of my right to refuse to consent to such a search.

I hereby authorize Special Agent (b) (7)(C) and any other person(s) designated by the Office of Inspector General (OIG) for the U.S. Department of the Interior (DOI) to conduct at any time a complete search of (select either or both of the following as appropriate):

☐ All computer/electronic equipment located at: \_\_\_\_\_ (Describe Physical Location)

Computer/electronic equipment authorized to be removed from the above location and searched includes, but is not limited to, the following: any computer hardware and storage media, including internal hard disk drive(s), floppy diskettes, compact disks, DVDs, scanners, printers, other computer/electronic hardware or software and related manuals; any other electronic storage devices, including but not limited to, personal digital assistants, "i-pads", cellular and "smart" telephones, and electronic pagers; and any other media or materials that may assist in accessing the stored electronic data.

☒ The following specific computer(s) and/or electronic device(s):

(b) (7)(C)  
(Identify item(s), by type (e.g. Desktop or Portable Computer, monitor, printer and/or storage media, such as CDs, DVDs, Hard Drives, Flash Drives, PDA, Blackberry, and Other Peripherals), and by make, model and serial number, or other appropriate descriptor)

I certify that I own, possess, control, and/or have a right of access to all computer/electronic devices described herein and all information found in them. I understand that any contraband or evidence on these devices may be used against me in a court of law or any administrative proceedings.

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United States Department of the Interior  
Office of Inspector General

CONSENT TO SEARCH COMPUTERS / DIGITAL DEVICES

I relinquish any constitutional right to privacy in these devices and any information stored on them. I authorize the DOI OIG to make and keep a copy of any information stored on these devices. I understand that any copy made by DOI OIG will become the property of DOI OIG and that I will have no privacy or possessory interest in the copy.

This written permission is given by me voluntarily. I have not been threatened, placed under duress, or promised anything in exchange for my consent.

I have read this form or it has been read to me; and I understand it. I understand the english language and have been able to communicate with the agents/officers.

I understand that I may ask for a receipt for all things turned over

(b) (7)(C)

Signature of person giving consent: \_\_\_\_\_

Date: October 14, 2014

Printed name and title of witness: \_\_\_\_\_

(b) (7)(C)

Signature of witness: \_\_\_\_\_

Printed name and title of additional witness (optional): \_\_\_\_\_

(b) (7)(C)

Signature of additional witness: \_\_\_\_\_

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