

May 9, 2017

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**Re: Schlumberger, U.S. Jobs, and Iran**

Dear Mr. Kibsgaard:

I write in furtherance to my letters of July 14, 2016 and January 6, 2017 outlining the continuing risks of doing business in Iran and seeking your explicit commitment to refrain from engaging in Iran business. I have yet to receive a response to either letter.

Media reports have since come to my attention suggesting that Schlumberger intends to further cut operations in the United States. In December 2016, Schlumberger spokesperson Susan Ganz confirmed, “[b]ased on the current outlook, we have taken the difficult step to further reduce our workforce in line with activity and investments....” (Rigzone, “[Oilfield Services Giant Schlumberger Cuts More Jobs](#),” 12/12/2016). According to a source communicating to Rigzone, the “layoffs occurred recently at a Houston location on 3750 Briarpark Drive.” (*Id.*). This followed a reported cut of 30,000 Schlumberger jobs over 2015. (Reuters, “[Schlumberger plans \\$10 billion share buyback as profit beats](#),” 1/21/2016; Wall Street Journal, “[Schlumberger Posts a Loss as Job Cuts Deepen](#),” 7/21/2016).

At the same time, and as previously noted in my letters, Schlumberger reportedly seeks to expand its operations in Iran. (The Wall Street Journal, “[Well Services of Iran Managing Director Denies Knowledge of Schlumberger Talks](#),” 1/22/2016; Mehr News Agency, “[Schlumberger enters Iran again](#),” 12/26/2016; Oil & Gas Journal Website, “[NIOC qualifies 29 firms for tender round](#),” 1/3/2017; and *see* The Wall Street Journal, “[Schlumberger Signs Early Oil Deal With Iran](#),” 11/27/2016). This “challenging conundrum” is expounded in detail in an Oilprice article:

Just last year, Schlumberger was, for all intents and purposes, banned from investing in Iran for three years. The three-year probation period was part of the company’s plea bargain with the Department of Justice, after a six-year investigation that found the company guilty of having repeatedly violated sanctions against Iran and Sudan.

As part of the bargain, Schlumberger also agreed to a fine of US\$155.1 million and gave up US\$77.6 million in illegally obtained profits.

There is a way for Schlumberger to legally do business in Iran: the company is registered in the Caribbean and can export equipment to Iran, as long as it has not been manufactured in the U.S. and the company's operations in the Persian Gulf country do not involve U.S.-based employees or employees who are U.S. citizens. This deal, however, is not for the export of equipment. According to the Wall Street Journal, a spokesperson for Schlumberger said that the deal was "for the non-disclosure of data required for a technical evaluation of a field development prospect" and does not involve any oilfield services.

Even so, it might prove to be a challenging conundrum unless Schlumberger has struck a deal with the relevant authorities to amend its three-year probation conditions.

(Oilprice, "[Undeterred by Trump Threats, Schlumberger Signs Deal With Iran](#)," 11/28/2016). The report concludes, "Schlumberger is clearly betting on the status quo as far as Iran is concerned, but the jury is still out in regard to future sanctions on Iran." Thus, in view of this regrettable juxtaposition of Schlumberger's commercial blueprints, and given the current and foreseeable political climate – one in which the U.S. Administration has strongly and repeatedly urged American companies to retain operations in the United States or face punitive financial penalties – it would seem prudent for Schlumberger to publicly commit to refraining from any Iran business at this juncture.

Moreover, as you may know, on February 1, 2017, the White House stressed that the Islamic Republic of Iran is "on notice" due to its ongoing "malign actions, including weapons transfers, support for terrorism, and other violations of international norms." The statement concluded, "[t]he Trump Administration condemns such actions by Iran that undermine security, prosperity, and stability throughout and beyond the Middle East and place American lives at risk.... As of today, we are officially putting Iran on notice. (The White House, Office of the Press Secretary, "[Statement by the National Security Advisor](#)," 2/1/2017).

On February 3, 2017, the White House issued another statement accompanying the U.S. Government's designation of 25 individuals and entities for their support of Iran's ballistic missile program, concluding that "[t]he days of turning a blind eye to Iran's hostile and belligerent actions toward the United States and the world community are over." (The White House, Office of the Press Secretary, "[Statement by the National Security Advisor](#)," 2/3/2017).

In response to Iran's January 2017 test-firing of a medium-range ballistic missile, U.S. Ambassador to the United Nations, Nikki Haley, also warned:

We're not going to stand by. You're going to see us call them out as we said we would, and you are also going to see us act accordingly.... We have said with this administration that we are not going to show a blind eye to these things that happen.... We're going to act. We're going to be strong. We're going to be loud and we're going to do whatever it takes to protect the American people and the people across the world.

(New York Times, "[Iran Warns Trump Over Missile Dispute, and American U.N. Envoy Hits Back](#)," 1/31/2017). U.S. State Department spokesman Mark Toner recently stated, "[w]hen actions are taken that violate or are inconsistent with the resolution, we will act to hold Iran accountable and urge other countries to do so as well...." (NBC News, "[Iran Test-Fires Medium Range Ballistic Missile: U.S. Officials](#)," 1/31/2017). U.S. Senator Bob Corker, chairman of the Senate Foreign Relations Committee, added, "[n]o longer will Iran be given a pass for its repeated ballistic missile violations, continued support of terrorism, human rights abuses and other hostile activities that threaten international peace and security...." (Associated Press, "[UN to hold urgent meeting on Iran missile test at US request](#)," 1/30/2017).

The aforementioned press reports make quite clear that the U.S. will adopt a more assertive approach to strict enforcement of the terms of the JCPOA. In particular, sanctions may be re-imposed ("snapped back") at any time, and given Iran's shaky compliance with the JCPOA and the rapidly changing macro-political climate, a termination of the JCPOA seems more likely than ever.

In view of the foregoing, please clarify Schlumberger's intentions with respect to its business plans in Iran. I look forward to hearing from you at your earliest convenience.

Very truly yours,



Ambassador Mark D. Wallace