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2 IN THE UNITED STATES DISTRICT COURT
3 DISTRICT OF NEW JERSEY
4 Civ. No. 04-3749 (JAP)
5 (Consolidated Cases)

6

7 -----X

8 IN RE ROYAL DUTCH/SHELL :

9 TRANSPORT SECURITIES :

10 LITIGATION :

11 -----X

12

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14 Videotaped Deposition of
15 REMCO D. AALBERS
16 Washington, D.C.
17 Monday, November 6, 2006
18 10:06 a.m.

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23 Job No. 22-87676
24 Pages 1 - 300, Volume I
25 Reported by: Cindy L. Sebo, RMR, CSR, RPR, CRR

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2 Videotaped Deposition of
3 REMCO D. AALBERS

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6 Held at the offices of:

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8 LEBOEUF, LAMB, GREENE & MACRAE, LLP
9 1875 Connecticut Avenue, Northwest
10 Suite 1200
11 Washington, D.C. 20009
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2 IN THE UNITED STATES DISTRICT COURT
3 DISTRICT OF NEW JERSEY
4 Civ. No. 04-3749 (JAP)
5 (Consolidated Cases)
6 Hon. Joel A. Pisano
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9 IN RE ROYAL DUTCH/SHELL |
10 TRANSPORT SECURITIES |
11 LITIGATION |

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13
14 Videotaped Deposition of Remco Aalbers
15 (Volume II)
16 Washington, D.C.
17 Tuesday, November 7th, 2006
18 10:10 a.m.
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23 Job No. 22-87907
24 Pages 301 - 469, Volume II
25 Reported by: Laurie Bangart-Smith

0302

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2 Videotaped Deposition of
3 REMCO AALBERS
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6 Held at the offices of:
7 LEBOEUF, LAMB, GREENE & MACRAE, LLP
8 1875 Connecticut Avenue, Northwest
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Taken pursuant to notice, before Laurie
Bangart-Smith, Registered Professional Reporter,
Certified Realtime Reporter and Notary Public in
and for the District of Columbia.

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0304

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1 REMCO AALBERS, November 7, 2006

2 P R O C E E D I N G S

3 THE VIDEOGRAPHER: This marks the
4 beginning of Tape 1, Volume II, in the deposition
5 of Remco Aalbers in the matter of Royal
6 Dutch/Shell Transport Securities Litigation, in
7 the United States District Court, District of New

8 Jersey, Case Number 04-374. Today's date is
9 November 7th, 2006. The time is 10:07 a.m. The
10 video operator today is Cali Day of LegaLink New
11 York. This deposition is taking place at 1875
12 Connecticut Avenue, Northwest, Washington, D.C.,
13 20009.

14 Would counsel please identify themselves
15 and state whom they represent.

16 MR. HABER: Jeffrey Haber, Bernstein,
17 Liebhard & Lifshitz, on behalf of the lead
18 plaintiff, Peter M. Wood in the class.

19 MS. KERN: Emily Kern, Bernstein,
20 Liebhard & Lifshitz, on behalf of the class.

21 MR. PEITLER: Steve Peitler, Bernstein,
22 Liebhard & Lifshitz, on behalf of the class.

23 MR. MILLKEY: Mark Millkey, Bernstein,
24 Liebhard & Lifshitz, on behalf of plaintiffs in
25 the class.

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1 REMCO AALBERS, November 7, 2006

2 MS. MACKINTOSH: Christine Mackintosh,
3 Grant & Eisenhofer, on behalf of the opt-out
4 plaintiffs.

5 MS. MAZARAKIS: Akrivi Mazarakis, Mayer,
6 Brown, Rowe & Maw, for Sir Philip Watts.

7 MR. MORSE: Adriaen Morse, Mayer, Brown,
8 Rowe & Maw, for Sir Philip Watts.

9 MS. WAGNER: Lori Wagner, Debevoise &
10 Plimpton, for the Corporate defendants and the
11 witness.

12 MR. WEED: Earl Weed, in-house Shell.

13 MR. TUTTLE: Jonathan Tuttle, Debevoise
14 & Plimpton, on behalf of the Corporate defendants
15 and the witness.

16 MR. FOUKAS: Savvas Foukas, Hughes,
17 Hubbard & Reed, on behalf of
18 PricewaterhouseCoopers, LLP.

19 MR. ADLER: Derek Adler, Hughes, Hubbard
20 & Reed, also for PwC.

21 MR. DAVIS: Sid Davis, Hogan & Hartson,
22 for defendant KPMG, N.V.

23 MR. CORSON: Nicholas Corson, Hogan &
24 Hartson, also for KPMG, N.V.

25 THE VIDEOGRAPHER: The court reporter

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1 REMCO AALBERS, November 7, 2006
2 today is Laurie Bangart-Smith of LegaLink New
3 York. Would the reporter please swear in the
4 witness.

5 REMCO AALBERS,
6 having been duly sworn, testified as follows:

7 EXAMINATION BY COUNSEL FOR LEAD PLAINTIFF
8 BY MR. HABER:

9 Q Good morning, Mr. Aalbers.

10 A Good morning.

11 Q I think we're going to try to get right
12 into it. Yesterday we were talking about issues
13 that were raised during the meeting with the ExCom
14 in January of 2000, and I recall one of the issues
15 you identified was Australia, and I'd like to
16 start off with that issue, so could you please
17 tell us what you -- what issue you were referring
18 to.

19 A The issue was about the Gorgon fields
20 where SDA had to receive an updated subsurface
21 study indicating that the deck of volumes in
22 Gorgon field would be lighter than previously
23 estimated, and we decided that we were not going
24 to book those additional volumes at that point in
25 time.

0310

1 REMCO AALBERS, November 7, 2006

2 Q How much larger do you recall were these
3 volumes?

4 A I believe it was something like
5 20 million cubic meters of gas.

6 Q When you say "we decided that we were
7 not going to book those additional," who's the
8 "we"?

9 A The initial -- SDA called me with this
10 question. They said they had the additional
11 volumes and wanted to know if they could book
12 that, and I indicated that I felt that we
13 shouldn't book those additional volumes at that
14 point in time, and SDA accepted that view, and we
15 made it clear in the ExCom notice that was the

16 choice we had made at the time.

17 Q And why did you feel that it wasn't
18 appropriate to book those additional volumes at
19 that time?

20 A I felt it wasn't appropriate to book
21 Gorgon, because Gorgon had been booked two years
22 prior, and the project had had some delays due to
23 the Asian crisis, and I felt that we first needed
24 the project to actually be initiated before we, we
25 should be booking additional volumes, and I should

0311

1 REMCO AALBERS, November 7, 2006
2 have sales contracts in place.

3 Q That point in time being January 2000,
4 there were no sales contracts in place?

5 A At that point there were no firm sales
6 contracts yet for Gorgon.

7 Q And just so I'm clear, when I refer to
8 "sales contracts," I'm referring to signed,
9 executed sales contracts.

10 A Well, you could have indication of a
11 contract where you have sort of a Memorandum of
12 Understanding which would be sort of one step down
13 from a final approved sales contract, which was
14 signed by all parties, normally just before you
15 would actually start building an LNG plant.

16 Q But at that time in time there was
17 nothing signed?

18 A All the discussions were ongoing.

19 Q And were there any signed Letters of
20 Intent or Memorandums of Understanding?

21 A Not to my knowledge.

22 Q Was there one particular customer that
23 Shell was, SDA was looking to sell the gas to?

24 A I don't recall who the exact customers
25 were, but they were talking basically with Japan

0312

1 REMCO AALBERS, November 7, 2006
2 and that region to try and sell the gas, North
3 Korea and these type of places. South Korea.

4 Q Have you ever heard of a company by the
5 name of Kogas?

6 A Yes, I have.

7 Q And where is Kogas located?

8 A I believe they're in Japan.

9 Q And is that the company that you're
10 referring to with regard to "ongoing discussions"?

11 A I believe they were one of the companies
12 they were talking to, yes.

13 Q To your knowledge, did Kogas sign any
14 Letter of Intent?

15 A What time frame?

16 Q Again we're talking that same time frame
17 as --

18 A At least at that point there wasn't an
19 intent in place.

20 Q Now, who did you have the discussions
21 with at SDA regarding not booking the additional
22 volume?

23 A I believe it was Sheila Graham.

24 Q Who is Sheila Graham?

25 A She was the Reserves Coordinator for SDA
0313

1 REMCO AALBERS, November 7, 2006
2 at the time.

3 Q What was Ms. Graham's position on the
4 issue?

5 A Like I said, she put the question
6 forward. I think she was happy with my response
7 as not to book anything additional.

8 Q During your discussions with Ms. Graham
9 did you discuss how Gorgon came to be booked as
10 proved reserves in the first place?

11 A I don't recall if that was part of the
12 discussion at that point.

13 Q Do you recall having such discussions
14 with anyone at Shell?

15 A We had the discussion later as part of
16 the restatement of reserves. The discussion has
17 to come up.

18 Q And again when you're referring to the
19 "restatement of reserves," you're referring to the
20 recategorization that was announced in January of
21 2004?

22 A Yes.

23 Q At the time that SDA was proposing

24 adding the additional volume, had you, yourself,
25 undertaken any review of Shell's guidelines to see
0314

1 REMCO AALBERS, November 7, 2006
2 if Gorgon was booked in compliance with the
3 Guidelines?

4 MR. TUTTLE: Object to form and the
5 characterization.

6 THE WITNESS: Yes, I looked at the
7 booking of Gorgon.

8 BY MR. HABER:

9 Q And when did you look at the booking?

10 A The booking had been a discussion with
11 KPMG prior to the Asian crisis and sort of a delay
12 in markets development. If you look at the Shell
13 Guidelines, the expectation of the market to be
14 there was at that point in time sufficient to have
15 reserves on the books. So it was felt that with
16 the project still being pursued, that an
17 expectation that it would actually reach FID in
18 about two years, and the market was there and the
19 license didn't have an expiry, that it could still
20 remain legitimate on the books at that point in
21 time.

22 Q Did you form an opinion of whether or
23 not Gorgon should have been booked?

24 A I think if you make a choice for some of
25 these bigger projects which are sort of limited to
0315

1 REMCO AALBERS, November 7, 2006
2 a certain type of market, my feeling was that it
3 would have been more prudent to book it at FID.
4 That hadn't happened at the time, and if you look
5 at what happened in the periods of '98, '99, for a
6 number of big projects in remote areas, they were
7 not booked at FID, things like Cansea in Peru,
8 which eventually -- Cansea in Peru. If you look
9 at French's Malampaya in the Philippines, that was
10 actually booked at FID.

11 So people had taken a different view
12 over time, depending on whether it was considered
13 to be in a new area or that it was a new field in
14 an already producing area, whether there was

15 likely to be additional market. So Gorgon being
16 in Australia where we had producing fields that
17 were existing LNG trains, what's seen as our field
18 within a producing area rather than as a new
19 frontier area.

20 Q I'm sorry. You're saying "new frontier
21 area"?

22 A Frontier area.

23 Q What -- how large in terms of volume was
24 the project in Peru?

25 A I don't recall what the number is. It

0316

1 REMCO AALBERS, November 7, 2006
2 was a sizable field done alongside of the
3 mountains, so it was a very difficult project.

4 Q How about the one in the Philippines; do
5 you recall the size of that, that field?

6 A No, I don't recall, but again that was a
7 sizable project.

8 Q So when you're referring to those, are
9 you talking about somewhat comparable in size?

10 A I don't remember the exact numbers. I
11 think they were slightly smaller, but I don't know
12 that at the moment. I'd have to check my numbers.
13 I just don't have the numbers in my head at this
14 point in time.

15 Q But in your mind they were at least
16 sizable projects?

17 A Yeah, I mean they were sizable projects,
18 yes.

19 Q Now, you mentioned FID, and you said
20 that Gorgon did not reach FID when it was booked,
21 correct?

22 A Yes.

23 Q Okay. At the time -- and again we're
24 talking January 2000 -- of this discussion with
25 SDA, had Gorgon taken FID?

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1 REMCO AALBERS, November 7, 2006

2 A No, not yet.

3 Q Up until 2004, if you know, did Gorgon
4 take FID?

5 A No, it didn't.

6 Q Did Shell have the VAR process at the
7 time Gorgon was booked?

8 A No. I believe that it was initiated
9 slightly later.

10 Q Do you know if the Gorgon project ever
11 went through the VAR process?

12 MR. TUTTLE: Ever to the present?

13 BY MR. HABER:

14 Q Let's take again the point in time
15 from '97 through 2000.

16 A I don't know.

17 Q And then from 2000 to 2004?

18 A Don't know that one either.

19 Q Okay. Did you ever communicate your
20 view with regard to whether Gorgon should have
21 been booked with anyone at Shell?

22 A Yes, I have had that discussion.

23 Q And who did you have discussions with?

24 A I believe I had discussions with my
25 boss, Aidan; with the Business Advisor, Rob Jager;

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1 REMCO AALBERS, November 7, 2006
2 also with Roelof Platenkamp, Aidan's boss; and
3 with Anton Barendregt as well; and with KPMG,
4 obviously.

5 Q Let's take your discussions with
6 Mr. McKay. Do you recall when you had these
7 discussions?

8 A No. I can't put an exact time to that.

9 Q Generally speaking if you can.

10 A Well, I mean we would have had those
11 discussions around the time that we're talking
12 here, of course, because of the discussion of the
13 potential use of booking.

14 Q And here we're talking January 2000?

15 A No. The issue actually came up slightly
16 before that, because the issue was raised by SDA
17 before they actually made their submission, so I
18 can't remember if it was October, November,
19 December, somewhere in that time frame. So at the
20 end of 1999 they raised the issue. We agreed that
21 it wasn't appropriate to book additional reserves,
22 and they never actually entered it into their

23 reserves booking when they made the submission, so
24 they accepted the advice and left Gorgon as it
25 was.

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1 REMCO AALBERS, November 7, 2006

2 Q So when you had these discussions with
3 Mr. McKay, what was his response to your feelings
4 about whether Gorgon should have been booked?

5 MR. WEED: Objection to form.

6 THE WITNESS: To my recollection, I mean
7 he agreed with me that it would have been wiser at
8 the time not to book Gorgon.

9 BY MR. HABER:

10 Q Did he give you any reason?

11 A I think like I said before, if you look
12 at some of the other fields where there were
13 complicated issues in terms of developing fields,
14 it was more prudent to do the booking at the FID
15 in sort of more remote areas. I think the fact
16 that Gorgon had more problems than just our other
17 field in nearly producing fields in Australia just
18 hadn't been recognized properly at the time.

19 Q Do you recall Mr. McKay saying anything
20 else?

21 A Well, the discussion was -- I mean with
22 Gorgon on the books, was it reasonable to still
23 keep it on? If you looked at the Guidelines,
24 there was no reason, with it on the books, to say
25 you now have to de-book it, because the Guidelines

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1 REMCO AALBERS, November 7, 2006

2 by itself didn't say that you needed to have FID,
3 but a reasonable expectation of a market was in
4 principal sufficient, and that was still there,
5 that was still being worked, and there was still
6 the anticipation that within a year or two years
7 it would actually get to that point, so it didn't
8 seem to make sense to now de-book and then only to
9 rebook maybe say in a year's time.

10 Q So were there discussions then with
11 regard to the timing, the reasonable expectation
12 of when a market would develop?

13 A The impression that we had from the

14 Regional Business Advisors and from the discussion
15 with SDA was that within one or two years, the
16 project would actually get to FID.

17 Q Why did the Regional Business Advisors
18 tell you that they thought a year or two would be
19 a reasonable expectation?

20 MR. TUTTLE: Objection; calls for
21 speculation.

22 BY MR. HABER:

23 Q You can answer.

24 A I mean that was their understanding of
25 where the project was and the time frame on which

0321

1 REMCO AALBERS, November 7, 2006
2 people thought that this project would be moving
3 forward.

4 Q Well, did they provide you any data to
5 support that position?

6 MR. TUTTLE: Objection; argumentative.

7 BY MR. HABER:

8 Q You can answer.

9 A I don't know exactly what you mean by
10 "data," but I mean people worked very hard in
11 Australia to make this project work. I mean there
12 is a Project Team trying to pull this project off,
13 and in our Business Plans that was still what the
14 assumption was. This is what people believed at
15 the time was going to happen.

16 Q Did anyone communicate to you from SDA
17 that they had analyzed the Asian crisis and when
18 they thought it was at its conclusion?

19 MR. TUTTLE: Object to the form.

20 THE WITNESS: Sorry. Can you turn that
21 once more.

22 BY MR. HABER:

23 Q In your discussions with people at SDA,
24 did anyone say that they had looked at the Asian
25 crisis and studied it to find out, you know, sort

0322

1 REMCO AALBERS, November 7, 2006
2 of get a handle on when they thought the crisis
3 would be at its conclusion?

4 MR. TUTTLE: Same objection.

5 THE WITNESS: I don't believe I've had

6 the discussion specifically with SDA, not at least
7 in that form. I don't know if discussing around
8 sort of the end of the Asian crisis. It was more
9 the Asian crisis happened, and it was now what
10 does that look into the future.

11 BY MR. HABER:

12 Q And so what type of discussions did you
13 have in that regard?

14 A Well, the belief was that despite the
15 temporary dip, the Asian market would pick up, and
16 there was room in the future for additional gas
17 sales to that region, because they need a lot of
18 energy and they don't have any resources of their
19 own to supply that demand, so they are depending
20 on importing oil and LNG to supply their energy
21 needs.

22 Q Had there been any signs that the Asian
23 market was picking up?

24 A I, I don't recall exactly if that sign
25 was there, when it would pick up. It was

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1 REMCO AALBERS, November 7, 2006

2 certainly not getting any worse, to my
3 recollection.

4 Q What kind of signs were being looked for
5 with regard to trying to get a handle on when the,
6 you know, when the market was picking up?

7 MR. TUTTLE: Object to the form; calls
8 for speculation.

9 THE WITNESS: I don't know. The market
10 evaluations weren't part of my side of the
11 business. I mean that was done by the Gas
12 Marketing sides. I was not directly involved in
13 that.

14 BY MR. HABER:

15 Q When you say "the gas marketing side,"
16 are you referring to in The Hague, in the Center,
17 or at SDA?

18 A Like I said, I wasn't involved. That
19 would have been likely both of those parties.

20 Q Do you recall having any discussions
21 with anyone on the marketing side with respect to

22 the outlook for the market?

23 A No.

24 (Discussion was held off the record.)

25

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1 REMCO AALBERS, November 7, 2006

2 BY MR. HABER:

3 Q Now, you mentioned that you had
4 discussions where you had given your opinion with
5 regard to the initial booking of Gorgon, and you
6 mentioned Rob Jager. Do you recall the
7 discussions you had with Mr. Jager?

8 A No, I don't believe -- I had discussions
9 with Rob Jager about the bookings. I don't think
10 I said I had discussions with Rob Jager about when
11 it got booked. When we were doing the
12 restatement, I did try to look through the files
13 and see if we could find out how the booking
14 actually happened, but there was very little data
15 available. It was clear when Gorgon got booked,
16 it got booked in January '98, so it went over '97,
17 but I couldn't find much supporting evidence other
18 than it got booked at the time.

19 Q At that time had you spoken with Rob
20 Jager about --

21 A Rob Jager wasn't the Business Advisor
22 for Australia at the time of the booking in '97.

23 Q No, I'm talking about at the time you
24 were working on the recategorization.

25 A No, I didn't speak to Rob Jager at that

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1 REMCO AALBERS, November 7, 2006
2 point. I spoke with Rob Jager in 2000 about the
3 additional booking.

4 Q You mentioned Roelof Platenkamp. Is he
5 someone that you spoke to about your opinion of
6 whether Gorgon was appropriately booked or not?

7 MR. TUTTLE: Objection; form,
8 characterization.

9 THE WITNESS: I don't recall the exact
10 instance, but I believe I did.

11 BY MR. HABER:

12 Q And do you recall when you had the

13 conversation with Mr. Platenkamp?

14 A Like I said, I can't exactly place where
15 the discussion was, but it was certainly part of
16 the discussion where Gorgon was briefly discussed.

17 Q Do you recall what Mr. Platenkamp had
18 said to you on the issue of whether to book --
19 whether Gorgon should have been booked or not?

20 A As I recall, he agreed that we weren't
21 going to book anything additional, but he felt
22 that Gorgon, as it was booked, should remain on
23 the books in its current state.

24 Q Did he say anything -- did he express an
25 opinion on whether Gorgon should have been booked

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1 REMCO AALBERS, November 7, 2006

2 initially?

3 A I don't recall.

4 Q Did you have discussions with
5 Mr. Barendregt concerning whether Gorgon should
6 have been booked initially?

7 A I'm sure I have had, but I can't recall
8 exactly when that was.

9 Q Do you recall the sum and substance of
10 the discussion?

11 A We had discussions on whether or not
12 Gorgon was still correctly on the books, and our
13 thoughts supported the view that with the project
14 being moved forward and still the anticipation of
15 the project going to happen and the molecules
16 clearly there, he didn't see a problem having
17 Gorgon on the books.

18 Q Do you recall having a discussion with
19 Mr. Barendregt concerning the market evaluation,
20 as we discussed a few moments ago?

21 A I mean the market's expectation was
22 obviously part of that discussion, and the
23 understanding was that, yes, there would be a
24 market there in due course.

25 Q Now, I believe you also mentioned a few

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1 REMCO AALBERS, November 7, 2006

2 moments ago that there were discussions with KPMG.

3 Can you tell me a little bit more about the

4 discussions. First, when did they occur?

5 A I think they initially occurred in '98,
6 so over '98, so early '99. That was straight
7 after the Asian crisis happened, and the
8 discussions were about whether or not the Asian
9 crisis should or -- would or would not at that
10 point in time have an effect on the SDA reserves,
11 cash reserves.

12 Q And what was KPMG's position?

13 A KPMG didn't have a position. They just
14 asked the question. They knew the Asian crisis
15 happened, and so we discussed it, and we discussed
16 the fields were there, the molecules were there,
17 there were no license issues, and the
18 understanding was that the market would pick up
19 and that these volumes would be sold to these
20 markets, although maybe some a little later than
21 originally anticipated.

22 Q During these discussions did -- strike
23 that. Who did you have the discussions with from
24 KPMG?

25 A I believe it was with Argen Korteweg and
0328

1 REMCO AALBERS, November 7, 2006

2 with Egbert Eeftink.

3 Q During -- do you recall where these
4 discussions took place?

5 A They were in The Hague.

6 Q Who else was present?

7 A I think the initial discussions with
8 Argen and Egbert were with me, and I believe it
9 also was briefly discussed at the close-out
10 reserves meeting with Anton there and Deputy Group
11 Controller and the senior or partners from
12 PricewaterhouseCoopers and KPMG in their role as
13 Group External Auditors.

14 Q In the close-out meeting, who from PwC
15 attended?

16 A I don't recall all the names. I believe
17 Mr. Johnson on this list was there.

18 Q Is that Steven Johnson?

19 A Yes.

20 Q Do you recall Mr. Johnson saying

21 anything on the subject?

22 A I don't.

23 Q During these discussions, whether it was
24 the initial one or the close-out meeting, did
25 either someone from KPMG or PwC communicate that
0329

1 REMCO AALBERS, November 7, 2006
2 they had undertaken a market evaluation of the
3 Asian market?

4 A No, they didn't.

5 Q Do you recall if in the close-out
6 meeting the market evaluation of the Asian market
7 was discussed?

8 MR. TUTTLE: Objection; form,
9 characterization.

10 THE WITNESS: It wasn't discussed long
11 in the close-out meeting. It had been basically
12 closed out with Egbert and Argen as part of a
13 pre-discussion. It was just mentioned as an issue
14 that had been raised and had been basically closed
15 out based on the explanations that had been given.

16 BY MR. HABER:

17 Q Now, with regard to the decision not to
18 book the additional volumes, the auditors agreed
19 with that decision?

20 A Yes, they did.

21 Q Now, was there also a discussion during
22 these meetings about freezing additional, not only
23 the 20 million cubic meters?

24 A "Billion" is probably the right word.
25 "Million" is probably a Dutch word. Billion.

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1 REMCO AALBERS, November 7, 2006

2 Q During those discussions, was there also
3 discussions about freezing additional bookings in
4 the future for Gorgon?

5 A No, there wasn't.

6 Q Did that issue subsequently arise?

7 A No, but I guess if you -- we said that
8 we wouldn't book additional volumes until
9 basically the volumes on the books basically got a
10 contract and that the project was moving forward.
11 It was never phrased in terms of a freeze, but it

12 was just basically phrased is that we wouldn't
13 book more additional until the product started
14 moving.

15 Q Now, that decision; was that raised with
16 the ExCom?

17 A Yes. The -- it was specifically
18 mentioned in the notes that went to ExCom in
19 January 2000.

20 (Exhibit No. 6 was marked for
21 identification and attached to the deposition
22 transcript.)

23 BY MR. HABER:

24 Q Mr. Aalbers, have you seen what's been
25 marked as Exhibit 8? And I will identify this for
0331

1 REMCO AALBERS, November 7, 2006
2 the record after you answer the question.

3 A Yes, I do.

4 Q I mean I'm sorry. Exhibit 6.

5 A Yes, I do.

6 Q For the record, Exhibit 6 is a
7 presentation to ExCom dated January 31st, 2000.
8 It's Bates numbers -- and there again are two
9 Bates ranges. The first one is V00110504 through
10 V00110510, and the other one is NI000504 through
11 NI000510.

12 Mr. Aalbers, did you have any role in
13 preparing this document?

14 A I prepared the document.

15 Q Is this the document that was presented
16 to ExCom that we've been talking about over the
17 last two days?

18 A Well, actually this is not exactly the
19 document that ExCom -- because this actually
20 shares a final update. This is one I corrected,
21 one or two typos that I found later on. Well,
22 really in substance this is the same note.

23 Q In substance it is the same one?

24 A Yes.

25 Q Now, did anyone assist you in preparing
0332

1 REMCO AALBERS, November 7, 2006
2 this document?

3 A A number of people gave comments to the
4 document before it actually finally went to ExCom.

5 Q And who were those people?

6 A Aidan McKay, my boss, and Roelof
7 Platenkamp, and I believe -- I can't remember this
8 year, 2000. Who was Roelof's boss at this point?
9 The ExCom member to whom Roelof reported would
10 have seen it before it went in. I think it would
11 have been Lorin Brass.

12 Q Now, with regard to the substance of the
13 note, did you receive any challenge with any of
14 the conclusions that you had reached from
15 Mr. McKay?

16 A No.

17 Q Same question with regard to
18 Mr. Platenkamp.

19 A No, because he presented the note as it
20 stood.

21 Q And the same question with regard to
22 Mr. Brass.

23 A Again each part of the note going in to
24 ExCom in the form it was.

25 Q So all three people were in agreement

0333

1 REMCO AALBERS, November 7, 2006
2 with the content of the note when it was
3 presented?

4 MR. TUTTLE: Object to the form.

5 BY MR. HABER:

6 Q I'm sorry. That was a nod. Was that a
7 yes?

8 A Just waiting for him to finish. Yes.

9 Q Thank you.

10 If you could just turn the page to Page
11 5, which ends 508, under "Australia" the first
12 paragraph discusses the issue that we talked about
13 with regard to booking additional reserves. The
14 second paragraph, which is what I'd like to ask
15 you a couple of questions on, says, "Proved Gas
16 volumes in Australia have been a point of
17 challenge by the External Auditors (KPMG/PwC) for
18 the last two years already, and incremental
19 booking at present would be hard to support."

20 Are you with me there?

21 A Yeah.

22 Q Okay, good. Can you tell me what you
23 meant to convey by this sentence.

24 A I just wanted to indicate to ExCom that
25 we've had discussions on the existing volumes in
0334

1 REMCO AALBERS, November 7, 2006

2 Australia and the market take-up already, and just
3 that I felt that it wasn't reasonable to book
4 additional reserves at this point in time.

5 Q When you say "a point of challenge,"
6 what do you mean, or what did you mean?

7 A Basically that KPMG had asked questions
8 on this.

9 Q Were the nature of the questions one of
10 skepticism about the booking?

11 MR. TUTTLE: Object to form.

12 THE WITNESS: No. The questions were on
13 whether or not the Asian crisis had an impact on
14 reserves that were on the books.

15 BY MR. HABER:

16 Q When you used the words "point of
17 challenge," was that a phrase that was used in
18 Shell commonly?

19 A No. That was just my choice of words,
20 saying that we had had discussions on this.

21 Q Do you know if KPMG ever had reduced to
22 writing its position with regard to the booking of
23 Gorgon?

24 MR. TUTTLE: Again ever to the present,
25 or --

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1 REMCO AALBERS, November 7, 2006

2 BY MR. HABER:

3 Q Well, up until this point first. Sorry.

4 A Not to my knowledge.

5 Q And then from 2000 forward do you know
6 if they had reduced anything to writing on the
7 books?

8 A I don't know what happened after 2001
9 when I left the job.

10 Q Same question with regard to PwC; do you

11 know if they ever reduced to writing anything
12 about the Gorgon booking, again up through the
13 point in time of this, this note?

14 A No. On the reserves, the only party
15 that would actually put something in writing on
16 that would be KPMG in their annual review of the
17 reserves.

18 Q Do you recall KPMG putting anything in
19 their annual review concerning Gorgon?

20 A I don't believe they put anything in
21 specific on Gorgon. It is possible, but I can't
22 remember that. They might have made a comment on
23 the Asian crisis in one of their reports.

24 Q Do you recall which report in terms of
25 timing?

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1 REMCO AALBERS, November 7, 2006

2 A I would guess that would be the year
3 before this, so if anything, it would have been
4 January 1999, but I'm not sure if there was
5 anything in the final report.

6 Q And the final report would be in
7 connection with the close-out?

8 A Yes. KPMG would provide a written
9 document on their review, which would get
10 submitted to, uh, to Shell basically.

11 Q When you say "to Shell basically," would
12 that include the ExCom?

13 A Oh, dear. I can't recall who they
14 formally sent the report to. I don't believe it
15 was submitted to ExCom. It was submitted to the
16 Reserves Group, I believe.

17 Q The Reserves Group being EPB?

18 A Yeah.

19 Q Do you know if it was submitted to the
20 CMD?

21 A No, I don't. It wouldn't have been
22 submitted to CMD.

23 Q Do you know what I'm referring to by the
24 CMD?

25 A Committee of Managing Directors.

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1 REMCO AALBERS, November 7, 2006

2 Q If you look at the first page of the
3 document, Exhibit 6, if you look at the chart, it
4 shows a Reserves Replacement Ratio of 37 percent.

5 Do you see that?

6 A Yes, I do.

7 Q At the time you prepared this document,
8 do you recall having discussions with people
9 within EP about the Reserves Replacement Ratio
10 that's reflected on this document?

11 A Yes.

12 Q Who did you speak with?

13 A Well, again the same people I think I've
14 mentioned before: My boss, Roelof, and Lorin was
15 aware of it.

16 Q Do you recall discussing it with Aidan
17 McKay?

18 A Yes.

19 Q Do you recall having discussions with
20 anyone else about the RRR figure here?

21 A No, I don't recall any other
22 discussions, but it certainly would have come up
23 in discussions with Anton and with KPMG, I'm sure,
24 but I don't recall the exact discussions.

25 Q What do you recall about your

0338

1 REMCO AALBERS, November 7, 2006
2 discussions with Mr. Platenkamp?

3 A I think in general people were
4 disappointed that the Reserves Replacement Ratio
5 was as low as it was.

6 Q What did Mr. Platenkamp say to you in
7 particular?

8 A I don't recall exactly what he said.

9 Q Do you recall any discussion with
10 Mr. Brass?

11 A No, I don't.

12 Q Now, I believe you said that this was --
13 Mr. Platenkamp presented this to the ExCom; is
14 that correct?

15 A That's correct.

16 Q Was there a slide presentation that was
17 prepared?

18 A Yes, there is.

19 (Exhibit No. 7 was marked for

20 identification and attached to the deposition
21 transcript.)

22 BY MR. HABER:

23 Q For the record, we've marked as Aalbers
24 Exhibit 7 a slide presentation dated January 31,
25 2000. The top slide says, "Key Proved Reserves
0339

1 REMCO AALBERS, November 7, 2006
2 Messages." The Bates Number is SCA00002779
3 through SCA00002796.

4 Mr. Aalbers, have you seen this slide
5 presentation or documentation before today?

6 A Yes, I have.

7 Q Did you have any role in preparing these
8 slides?

9 A Yes, I did. I prepared the slide
10 presentation.

11 Q Did anyone assist you in preparing the
12 slide presentation?

13 A Aidan provided input and comments, and
14 although I don't exactly remember, but I'm pretty
15 sure Roelof would have had one or two comments
16 that he would have wanted to include, but I don't
17 know exactly what they were.

18 Q So looking at the document today, you
19 couldn't point out what Mr. Platenkamp's comments
20 were?

21 A No, I can't.

22 Q And is this the slide presentation that
23 Mr. Platenkamp had provided to the ExCom on the
24 day that he made the presentation?

25 A I wasn't actually at the presentation,
0340

1 REMCO AALBERS, November 7, 2006
2 so I have to assume that that's correct.

3 Q Is it fair to say that you prepared the
4 slide presentation in connection with
5 Mr. Platenkamp's presentation to the ExCom?

6 A Correct.

7 Q And in your experience as GRC, when
8 slide presentations were made, were they used
9 during ExCom meetings?

10 MR. TUTTLE: Objection to form; calls

11 for speculation.

12 MR. HABER: Just like I phrased it; an
13 understanding based upon his experience.

14 THE WITNESS: Can you just repeat the
15 question once more.

16 BY MR. HABER:

17 Q When you use -- when you prepare these
18 slides, is it your understanding that they are
19 going to be used in connection with a
20 presentation, in this case, to the ExCom?

21 A That's what they were made for, yes.

22 Q Okay. If you could look at the first
23 slide on Page 1, the very first bullet point says,
24 "'99 Proved Oil/NGL and Gas Replacement Ratio
25 37 percent." What does "NGL" stand for?

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1 REMCO AALBERS, November 7, 2006

2 A Natural Gas Liquids. It's condensate.

3 It's the liquids you recover from gas when you dry
4 the gas. There's an amount of hydrocarbons that
5 fall out as a liquid.

6 Q Is that different from "LNG"?

7 A LNG is Liquefied Natural Gas. That's
8 actually gas that you cool down to low
9 temperatures, by which stage that the gas actually
10 becomes liquid and you can transport it in a much
11 smaller form.

12 Q Which one was Gorgon; LNG or NGL?

13 A Gorgon was a gas field, so at this point
14 in time all the gas is underground in the
15 reservoir, but the intent was to produce that to
16 an LNG plant, liquify the gas and then ship it to
17 the customers either in Japan or Korea or wherever
18 else you could have sold the gas.

19 Q At the time of this meeting,
20 January 2000, was an LNG plant built in Australia
21 near the Broilein field?

22 A They had a running LNG plant on the
23 North West Shelf.

24 Q Now, the North West Shelf, where is that
25 in relation to the Gorgon gas field?

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1 REMCO AALBERS, November 7, 2006

2 A I don't exactly know how they relate to
3 each other geographically.

4 Q Was that gas plant to be used to convert
5 the gas to the NGL?

6 MR. TUTTLE: Object to the form.

7 THE WITNESS: To my understanding, it
8 was going to be extensions to that gas plant.

9 BY MR. HABER:

10 Q Extensions?

11 A Yeah, building additional trains,
12 additional treatment capacity.

13 Q At the time that Gorgon was booked, do
14 you know if the extensions had been built?

15 A No, they were not built.

16 Q And at the time that this presentation
17 was prepared, had the extensions been built?

18 A No.

19 Q Do you know if the extensions have been
20 built subsequent to January 2000?

21 A I actually don't know what's happened to
22 the LNG plants in Australia at the moment. I
23 haven't kept track of it.

24 Q At the time did you have an
25 understanding of whether, in order to build the

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1 REMCO AALBERS, November 7, 2006

2 extensions, regulatory approval from the
3 government was required?

4 A We didn't spend a lot of time on that,
5 but in all countries in the world you need
6 approvals to build things, so the assumption would
7 be yes.

8 Q Do you know if Shell had obtained the
9 necessary approvals from the Australian
10 government?

11 A No, I don't, but we hadn't taken FID
12 yet, so generally you would have had all the
13 permits in place at that point, yeah.

14 Q At FID you would have all the permits?

15 A That's when you would normally have
16 them.

17 Q So if you don't have FID, then you would

18 not have all the permits in place?

19 A Not necessarily. You could have the
20 permits and then decide not to go ahead.

21 Q Coming back to this document, underneath
22 the heading which I read, the first dash says,
23 "Low after three years high." What did you mean
24 by that?

25 A If you look at -- let me see. It's in
0344

1 REMCO AALBERS, November 7, 2006
2 here somewhere. If you look at the page marked
3 2784 which shows historic Reserves Replacement
4 Ratio, you can see that in '96, '97, '98,
5 replacement ratios were quite high, and then in
6 1999, if you take the upper two bars and not the
7 Extension AOSP, Iran, it's pretty low. It's at 37
8 percent. So for three years as appraised measured
9 above one, we're now in the year that we were
10 actually below one.

11 Q And looking at this slide on 2784, we
12 discussed yesterday that the replacement ratio had
13 increased as a result of the change in the
14 Guidelines in '98. Do you have an understanding
15 of why the replacement ratio is very high for
16 1996?

17 MR. TUTTLE: Object to the form and the
18 characterization.

19 You can answer.

20 THE WITNESS: No, I don't remember now
21 anymore what was 1996. That was before, before I
22 joined. I can't remember what were the major
23 bookings then.

24 BY MR. HABER:

25 Q Do you have an understanding as to why
0345

1 REMCO AALBERS, November 7, 2006
2 1997 shows a very -- strike that. Do you have an
3 understanding as to why 1997 shows a high
4 replacement ratio?

5 MR. TUTTLE: Object to the form.

6 BY MR. HABER:

7 Q You can answer.

8 A There were a number of bookings in '97.

9 For instance, Malambaya and Gorgon got booked
10 in '97, so they're part of that replacement, but
11 there were a number of other ones. I'd have to go
12 back to a number for that year, the total list.

13 Q If you again look at the first page of
14 the document, underneath the second dash it says,
15 "Challenge to communicate externally." What did
16 you mean by that?

17 A Basically that as an oil company you
18 would like to have a replacement ratio of one, or
19 a hundred percent, at least replacing what you've
20 produced in that year. And this would be a low
21 one, so that would be not such a positive message.

22 Q Did you have any discussions with
23 Mr. Platenkamp about what he would say to the
24 ExCom with regard to any questions that may come
25 his way concerning this point?

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1 REMCO AALBERS, November 7, 2006

2 MR. TUTTLE: Object to the form.

3 THE WITNESS: No, I don't believe we
4 discussed this specific point.

5 BY MR. HABER:

6 Q Did you discuss this point after the
7 ExCom meeting with Mr. Platenkamp?

8 A No. This wasn't one of the points that
9 came up afterwards.

10 Q If you turn to the slide on Page 2787,
11 what does this slide -- what did you mean by this
12 slide? Let me say it a better way. I'm sorry.

13 I'll withdraw the question. Get it a better way.
14 What were you trying to convey by this slide?

15 A This slide was highlighting a number of
16 issues that were identified in the note that
17 accompanied, of course, the presentation and on
18 which we wanted ExCom to support the
19 recommendations that we made for these specific
20 points that we've discussed before, SNEPCO,
21 Nigeria, Abu Dhabi.

22 Q The bottom says "total," and I believe
23 that's minus 2.5 million cubic meters.

24 A Yes.

25 Q What is that conclusion telling the

0347

1 REMCO AALBERS, November 7, 2006

2 reader?

3 MR. TUTTLE: Object to the form.

4 BY MR. HABER:

5 Q What does it convey?

6 A I mean it's, it's in principal the
7 sum-up of the four deltas on top, so two
8 additions, two reductions, and the net effect
9 would be a small reduction.

10 Q And when you say "reduction," do you
11 mean a de-booking?

12 A No. Actually, if you look at the
13 numbers, there are two additions. The minus 50 is
14 actually a not book, so not additionally adding
15 50, so that's not a de-booking. And the minus six
16 and a half is de-booking. It just means that from
17 the submissions as we got them, we would recommend
18 a number of changes to the submissions which would
19 have a net effect of minus two and a half for that
20 year's booking.

21 Q Okay. If you could just turn the page
22 to the next slide --

23 A Yep.

24 Q -- under "Australia."

25 A That's Page 2788.

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1 REMCO AALBERS, November 7, 2006

2 Q Yes. Thank you. Under "Australia" it
3 says, "Do not book increase Gorgon (20 percent)."
4 We've discussed that. Underneath it it says,
5 "Increase market take-up." What did you mean by
6 that?

7 A That we wouldn't book Gorgon until we
8 had an increase in the market take-up, as we
9 discussed before.

10 Q So it all relates to the discussion we
11 had previously?

12 A Yes.

13 Q If you can turn to Page 2790, and this
14 slide is talking about SPDC. I'm looking -- I
15 want to direct your attention to the third hash
16 mark. It says, "If growth does not materialize,

17 significant risk of de-booking proved reserves."

18 Was this a position that you were advancing with

19 Mr. Platenkamp?

20 MR. TUTTLE: Objection; asked and
21 answered. This is something we talked about --

22 MR. HABER: We didn't get into --

23 MR. TUTTLE: -- last night.

24 MR. HABER: We didn't get into a full
25 discussion about the issue of possibly de-booking.

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1 REMCO AALBERS, November 7, 2006

2 It was only mentioned in passing.

3 THE WITNESS: Yes, that was discussed
4 with Mr. Platenkamp, and it comes back to the
5 discussion we had before, that to actually -- even
6 if you don't book the additional 50, you already
7 need significant growth in the production levels
8 in the GA to actually produce the proved reserves
9 we had on the books at that point in time before
10 the license expired in 2019, assuming that license
11 couldn't be extended.

12 BY MR. HABER:

13 Q So does what's on this view-graph, does
14 this represent your position and Mr. Platenkamp's
15 position that a de-booking was something that
16 Shell should be watching in the future?

17 MR. TUTTLE: Objection;
18 characterization.

19 THE WITNESS: If you go to the plot
20 before, I think it's 2789, you can see historic
21 production from Nigeria up to the sort of line
22 which was the year we were in, and to actually
23 make the reserves, you have to grow along that
24 white area on the top. If that doesn't
25 materialize, then obviously you cannot produce the

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1 REMCO AALBERS, November 7, 2006

2 reserves up to license, then yes, you would be
3 facing de-booking in the future if the growth
4 didn't come.

5 BY MR. HABER:

6 Q Do you know if Mr. Platenkamp had
7 specifically discussed that with the ExCom?

8 A Yes, I believe he has.

9 Q Did he convey to you the reaction of the
10 ExCom?

11 A On which point?

12 Q On this point. I'm going to get to the
13 larger meeting in a moment.

14 A He conveyed that ExCom had accepted not
15 booking the additional volume.

16 Q Did he, did he say anything about ExCom,
17 ExCom's acknowledgement that, as the graph shows,
18 that if the production didn't increase, a
19 de-booking was possible?

20 MR. TUTTLE: Object to the form and the
21 characterization.

22 THE WITNESS: I wasn't at the meeting,
23 and I don't recall him covering that point
24 specifically, but I know they had an extensive
25 discussion on Nigeria before this was accepted as

0351

1 REMCO AALBERS, November 7, 2006
2 it stood.

3 BY MR. HABER:

4 Q And when you say you know they had an
5 extensive discussion, how do you know that?

6 A From what Mr. Platenkamp had said.

7 Q And do you know when that discussion
8 took place?

9 A During the ExCom presentation.

10 Q Oh, I'm sorry. I thought you were
11 talking about something other than the ExCom.
12 Okay.

13 A No.

14 Q I'm sorry.

15 Now, after the meeting where the note,
16 Exhibit 6, and the presentation, slide
17 presentation, Exhibit 7, were presented and
18 discussed in the ExCom, did you have a discussion
19 with Mr. Platenkamp about what had transpired at
20 the meeting?

21 A Yes. Mr. Platenkamp dropped by my
22 office on the way back.

23 Q And can you tell me sum and substance of
24 what you discussed.

25 A He conveyed what the decisions from

0352

1 REMCO AALBERS, November 7, 2006
2 ExCom was on the different points and that it had
3 been a difficult presentation, and he wasn't
4 exactly a happy man on how the presentation went.

5 Q Did he give you more information as to
6 why it was a difficult presentation?

7 A Basically from the first line of the
8 first slide, that wasn't received very well.

9 Q And who didn't, at the ExCom, receive it
10 well; did he say?

11 A Phil Watts wasn't happy with the first
12 line. 37 percent replacement ratio wasn't what he
13 was looking for.

14 Q Did Mr. Platenkamp say what Mr. Watts
15 was looking for?

16 A No, I don't believe he did.

17 Q What else did Mr. Platenkamp say about
18 what had transpired at the meeting?

19 A They had accepted the freeze on Nigeria.
20 They wanted Ehra booked. Let's see if I can get
21 through this right. The Shell offshore was to be
22 booked, and Abu Dhabi, the reduction was not
23 accepted. The Canada royalties in cash was
24 accepted. The not booking of Gorgon increase
25 volume was accepted. The de-booking of own use in

0353

1 REMCO AALBERS, November 7, 2006
2 USA was not accepted. And the question was raised
3 what others booked on Australia, and I was
4 requested with great urgency to check with SDA
5 what the other partners in Gorgon had booked.
6 There was a general feeling that we were too
7 conservative booking reserves.

8 Q Did Mr. Platenkamp say anything else?

9 A He was very upset at the time, and the
10 meeting didn't last very long.

11 Q Now, you say that he wasn't happy.
12 Other than explaining why it was difficult, did he
13 give any reasons why he was unhappy after the
14 meeting?

15 A The meeting had been very unpleasant was

16 my understanding, and he had -- as he was
17 presenting the message, he had received the brunt
18 of the issues.

19 Q Who did he receive the brunt of the
20 challenge from?

21 A From Mr. Phil Watts.

22 Q Was there anyone else at the ExCom who
23 was vocal that he identified?

24 MR. TUTTLE: Object to the form.

25 THE WITNESS: Not to my recollection.

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1 REMCO AALBERS, November 7, 2006

2 BY MR. HABER:

3 Q What was your reaction to what
4 Mr. Platenkamp had told you about what had
5 transpired at the meeting?

6 A It's never very pleasant --

7 MR. TUTTLE: Objection; asked and
8 answered. You can tell him again.

9 THE WITNESS: It's never very pleasant
10 when your boss's boss comes in and he's obviously
11 unhappy, and which I prepared the presentation,
12 but personally I was disappointed that the two
13 proposed de-bookings were not taken up, but I was
14 very happy that at least the freeze Nigeria was
15 acknowledged, because I thought that was at least
16 a big step in the right direction.

17 BY MR. HABER:

18 Q Did you have any other reaction to what
19 Mr. Platenkamp had told you?

20 A No.

21 Q Now, with regard to following up with
22 Gorgon -- that is, checking into what the
23 co-venturers were doing with regard to booking --
24 were you given a timetable on when to complete the
25 project?

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1 REMCO AALBERS, November 7, 2006

2 A I wouldn't exactly call it a project.

3 To get the answer to the question as soon as
4 possible.

5 MR. MORSE: I notice that my objection
6 didn't get in the record. Page 44, Line 21 (of

7 the rough draft). The objection was form.

8 BY MR. HABER:

9 Q Did you form an opinion on whether that
10 information was necessary?

11 A By itself, whether or not Shell books
12 reserves is a choice we have to make. What other
13 people book is not necessarily relevant.

14 Q As I recall, yesterday you testified
15 that way with regard to Ehra, I believe, correct?

16 A Correct.

17 Q Having been tasked now with trying to
18 find out this information, what did you do?

19 A I sent an e-mail to SDA, asking if they
20 could see if they could get some information on
21 what the other partners in Gorgon had on their
22 books.

23 Q And who did you send the e-mail to?

24 A I believe it was Sheila Graham.

25 (Discussion was held off the record.)

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1 REMCO AALBERS, November 7, 2006

2 THE VIDEOGRAPHER: We are going off the
3 record. The time is 11:15 p.m.

4 (Whereupon, a short recess was taken.)

5 THE VIDEOGRAPHER: We're back on the
6 report, the time is 11:34 a.m.

7 (Exhibit No. 8 was marked for
8 identification and attached to the deposition
9 transcript.)

10 BY MR. HABER:

11 Q Mr. Aalbers, we just handed you what has
12 been marked as Aalbers Exhibit 8. It's a two-page
13 document with a series of e-mails. The last
14 e-mail in the series is from you to Sheila Graham,
15 dated February 2, 2000. The subject line reads
16 "Re Australia -- Gorgon Proved Reserves." Bates
17 PER00020037 through PER00020038.

18 Mr. Aalbers, have you seen these e-mails
19 before today?

20 A Yes, I have.

21 Q And if you look at the last e-mail,
22 which is actually the first e-mail in a string, is
23 this -- and the e-mail is from you to Sheila

24 Graham, dated February 1, 2000. Is this the
25 e-mail that you were just referring to in your
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1 REMCO AALBERS, November 7, 2006

2 answer prior to the break?

3 A Yes, it is.

4 Q Did you have a discussion with

5 Ms. Graham about what Shell's competitors were
6 doing in Gorgon subsequent to this e-mail?

7 A No, I didn't.

8 Q So your only communication with
9 Ms. Graham concerning this issue was through this
10 e-mail?

11 A Yeah, the time difference between
12 Australia makes it difficult to have telephone
13 conversations in the best of times.

14 Q If you look at the first page of the
15 document and the last, the second to the last
16 e-mail, the middle one is from Ms. Graham to you
17 dated February 2, 2000, and she writes, "Chevron
18 do not carry any proved reserves for Gorgon, only
19 possible reserves. We are therefore more
20 optimistic than Chevron." What are possible
21 reserves?

22 A Depends on which categorization system
23 you use. You have proved, probable and possible,
24 so possible is one step down from probable
25 reserves.

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1 REMCO AALBERS, November 7, 2006

2 Q Underneath that there is a discussion of
3 ExxonMobil, and she writes, "Due to the
4 reorganization, we were unable to find out how
5 they are treating the reserves." Do you know what
6 reorganization she was referring to?

7 A I believe that was the merger between
8 Esso, Vessem and Mobil, later to become
9 ExxonMobil.

10 Q Did you ever find out what ExxonMobil
11 was doing with regard to booking reserves in
12 Gorgon?

13 A I don't recall whether or not we found
14 that out formally.

15 Q With regard to Project Rockford, did you
16 ever find out if ExxonMobil had proved reserves in
17 Gorgon?

18 A That was not part of Project Rockford.

19 Q Was it part of something else?

20 A No, not to my knowledge.

21 Q The next sentence says, "At this stage
22 we have no strong relationships with Texaco which
23 would allow us to ask such a question." Did you
24 ever find out what Texaco was doing with regard to
25 booking proved reserves in Gorgon?

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1 REMCO AALBERS, November 7, 2006

2 A I don't believe we did.

3 Q If you could just look at your e-mail
4 again on the second page, there's a reference to
5 "WAPET." What does that stand for? What does
6 that mean?

7 A I can't remember what WAPET stood for.
8 WAPET was the company that actually operated
9 Gorgon. I can't exactly remember what the company
10 setup was.

11 Q Was Shell a venturer in WAPET?

12 A We had a share in the Gorgon field. I
13 can't remember what the corporate structure was,
14 if we were actually were a partner in WAPET or
15 that we just had a share in the field. I don't
16 recall what the exact structure was.

17 Q Now, a few moments ago we talked about
18 plans to build an extension on the NGL plant in --

19 A The LNG.

20 Q Thank you. Were there any plans to
21 build a plant on Barrel Island?

22 A I wasn't aware of that possible option.

23 Q And just so we're clear on the record,
24 when you say you weren't aware, are we talking
25 about in January of 2000 or as you sit here today?

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1 REMCO AALBERS, November 7, 2006

2 A Correct, at the time.

3 Q Okay. Did you subsequently learn of
4 this?

5 A As part of the restatement, this other

6 option, I found out that that had been there as
7 well.

8 Q And what did you find out?

9 A The discussion was that Barrel Island
10 was sort of a sensitive area, and getting permits
11 there could be difficult if not impossible.

12 Q And do you have an understanding why it
13 was a sensitive area?

14 A I believe there was a -- it was a nature
15 area.

16 Q Was it your understanding from your
17 review that Barrel Island was environmentally
18 protected by the Australian government?

19 MR. TUTTLE: Object to the form.

20 THE WITNESS: I didn't review anything
21 related to Gorgon and Barrel Island.

22 BY MR. HABER:

23 Q Did you hear of that, that fact?

24 MR. MORSE: Objection to form again.

25 THE WITNESS: I don't recall the exact

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1 REMCO AALBERS, November 7, 2006
2 details of what the nature issue around Barrel
3 Island was, but the indication was that although
4 it might be difficult, it certainly wasn't
5 impossible to get a permit to build there.

6 BY MR. HABER:

7 Q Do you know if Shell ever got the
8 permits to build the plant on Barrel Island?

9 MR. MORSE: Objection to form.

10 MR. TUTTLE: Through today?

11 BY MR. HABER:

12 Q Through today, yes.

13 A I haven't followed where we are with
14 Gorgon. I know it's being pursued at the moment
15 as well, but I don't know what the status is.

16 Q When you say "it" are you referring to
17 obtaining the permits for Barrel Island?

18 A No, the development of Gorgon, so
19 whatever option they got being carried as the base
20 case.

21 Q In or about the time that you prepared
22 the note to the ExCom, were there any issues in

23 Gorgon relating to license expiry?

24 A No, there weren't.

25 Q Were there any issues concerning license

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1 REMCO AALBERS, November 7, 2006
2 expiry in Gorgon subsequent to the January 31,
3 2000, ExCom meeting?

4 A Not that I'm aware of.

5 (Exhibit No. 9 was marked for
6 identification and attached to the deposition
7 transcript.)

8 BY MR. HABER:

9 Q For the record, we've marked as Aalbers
10 Exhibit 9 an e-mail with e-mail attachments. The
11 e-mail -- the last e-mail is from John Darley to
12 Frank Coopman, dated January 28, 2004. It has
13 again two Bates numbers. The first Bates number
14 is V00072583 through V00072591, and the other
15 Bates range is DB06683 through DB06691.

16 All right. Now, for the next series of
17 questions I'd like to direct your attention to the
18 Draft Note dated November 21, 2000, which is the
19 SEC Proved Reserves Audit of Shell Development
20 Australia which was conducted between October 9th
21 and 13th of 2000 by Mr. Anton Barendregt, and that
22 is on the page that ends 589 in the V series and
23 689 in the DB series.

24 Mr. Aalbers, have you seen this note
25 before?

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2 A Yes, I have.

3 Q Do you recall Mr. Barendregt providing
4 you with a draft of this note which itself is
5 marked "Draft"?

6 A Well, not specifically, but all these
7 audits I would always receive a draft, so . . .

8 Q If you look at the, on Page 1, the
9 fourth paragraph, in the middle of the page -- I'm
10 sorry -- in the middle of that paragraph, there is
11 a discussion in a sentence that begins,
12 "Maintaining the preliminarily booked volume of
13 Gorgon gas reserves." Do you see that?

14 A Uh-huh.

15 Q And then it goes on to mention, quote,
16 "an extension of the current five-year Retention
17 Lease will be granted in 2002," close quote. Does
18 this refresh your recollection as to whether there
19 was an issue concerning License Expiry or
20 Retention Lease?

21 A No, this is a fact that I had forgotten.

22 Q Having looked at this, do you recall
23 what the issue was?

24 A Not exactly. From reading this, I think
25 it was something that when fields were discovered,
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1 REMCO AALBERS, November 7, 2006

2 you'd get a sort of a Retention Lease pending sort
3 of the final development, but those would normally
4 be extended, if you wish, though still in the
5 process of developing the fields, but I can't
6 remember the exact details.

7 Q Do you recall whether at this time,
8 being October/November of 2000, the extension had
9 been granted?

10 A No, I don't, but it says here "will be
11 granted 2002," so my assumption would be that that
12 was not yet the case.

13 Q If you look at the last sentence of that
14 paragraph, it says, "Concern was expressed about
15 the lack of a concisely documented audit trail,
16 which hampered a proper assessment of the reasons
17 for the end-1999 reserves changes." Do you have
18 an understanding of what Mr. Barendregt meant by
19 that?

20 A Not directly. I guess if you would go
21 into the more details of the document, he will
22 probably elaborate on that point, I would expect.

23 Q Do you recall having any discussions
24 with Mr. Barendregt about this point?

25 A No, I don't.

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1 REMCO AALBERS, November 7, 2006

2 Q Now, did you discuss, after --
3 withdrawn. Did you discuss this note with
4 Mr. Barendregt in or about the time that you

5 received it?

6 A Yes, I believe I did.

7 Q Okay. And do you recall having any
8 discussions with Mr. Barendregt about the
9 conclusions that he reached in the note?

10 A Yes, we will have discussed his
11 conclusions on Gorgon and some of the other ones
12 as well.

13 Q Do you recall the sum and substance of
14 those discussions?

15 A I mean the sum and substance are, as it
16 states here, Mr. Barendregt didn't see any reason
17 for concerns at that point in time to retain
18 Gorgon booking as proved reserves.

19 Q Did you agree with Mr. Barendregt at
20 that time?

21 A Yes, I did.

22 Q Did you communicate any concern to him
23 about the fact that there were no signed contracts
24 supporting the booking?

25 MR. TUTTLE: Object to the form.

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1 REMCO AALBERS, November 7, 2006

2 THE WITNESS: Again if you look at the
3 Group Guidelines, having reserves for the
4 (something) field didn't necessarily need a signed
5 contract. We did share the concern that there was
6 a question on if there was no progress with Gorgon
7 over time, where would be the point that you
8 decide that that wasn't sufficient progress, and
9 you would have to at some point decide that maybe
10 you should de-book. At this point there was still
11 progress being made, and we had indications that
12 they would conclude some sort of project within
13 the next one or two years time frame. The
14 question is how long would you let it slip before
15 you decide there is something else.

16 BY MR. HABER:

17 Q What did the two of you conclude, if
18 anything?

19 A We didn't have an answer to that
20 question. It's a difficult question to answer.
21 You could see if it would slip every time at

22 year-end and was always within one or two years,
23 you would never actually change the position, but
24 when you would start looking back at some point,
25 you would say, well, is this now too long? That's
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1 REMCO AALBERS, November 7, 2006

2 a hard question to answer. It would depend on the
3 outlook and how people felt the project was -- was
4 it still moving, or would it actually at some
5 point have come to a deadlock and nothing had
6 happened on it.

7 Q Did you have any discussions with people
8 at SDA on that topic?

9 A There was the point raised just before
10 the audit, but we never concluded the discussion,
11 because after Anton's audit, the point basically
12 was resolved for a while.

13 Q Are you aware of anyone in SDA
14 expressing an opinion that Gorgon ought to be
15 de-booked?

16 A There were several discussions in SDA
17 whether or not retaining the booking of Gorgon was
18 the right thing to do.

19 Q Well, do you recall having any
20 discussions with Ms. Graham, again recognizing the
21 time difference?

22 A With who?

23 Q Sheila Graham, on this issue.

24 A I believe that at this point Sheila is
25 no longer the Reserves Coordinator. I believe

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1 REMCO AALBERS, November 7, 2006

2 it's Sarah Bell takes over from her.

3 Q Do you recall having discussions with
4 Sarah Bell on this topic?

5 A No, we didn't actually have a
6 discussion. There was an e-mail correspondence,
7 but never a clear issue statement. I never
8 received any clear issue statement, and like I
9 said until then here, and he basically concluded
10 there was not an issue, which basically took the
11 concern from SDA away, and at that point it was
12 resolved that way around.

13 Q Who is Jeroen Regtien?

14 A I can't remember the exact point, but he
15 had been working in SDA for a period of time.

16 Q Do you recall having any communications
17 with Mr. Regtien on the topic of possibly
18 de-booking Gorgon?

19 A I'm trying to remember if -- his name is
20 actually on the SEC audit. He was actually the
21 Development Manager at SDA at the time.

22 Q Do you recall having any communications
23 with Mr. Regtien?

24 A I guess he would have been copied on
25 some of the e-mails. In general I spoke with

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1 REMCO AALBERS, November 7, 2006

2 Sarah. I think I spoke with Robert Blaauw and
3 with the RBA in The Hague.

4 Q If you turn, on the last exhibit we
5 marked, Exhibit 9, the page that ends 587 in the V
6 series and 687 in the DB series, have you, have
7 you seen this correspondence before?

8 A Yes, I have.

9 Q And if you look in the middle of the
10 e-mail from Jeroen Regtien to Sheila Graham with a
11 CC to Mark Chittleborough and Robert Blaauw, dated
12 September 19, 2000, after the bullet points
13 Mr. Regtien says, "I therefore recommend and am
14 prepared to defend downgrading Gorgon from the
15 proved undeveloped reserves category to SFR
16 (commercial/proved techniques)." Does this
17 refresh your recollection about communications
18 from Mr. Regtien regarding a possible de-booking?

19 A I don't remember if I actually received
20 that e-mail. I'm actually not copied on it. It's
21 an internal communication within SDA.

22 Q There's a reference at the bottom to
23 you. Do you recall having any communications with
24 Mr. Regtien in or around September 2000, prior to
25 Mr. Barendregt's audit, with Mr. Regtien

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1 REMCO AALBERS, November 7, 2006
2 concerning the Gorgon field?

3 MR. TUTTLE: Objection; asked and

4 answered.

5 THE WITNESS: No, I don't.

6 BY MR. HABER:

7 Q Who is Mark Chittleborough?

8 A I don't know.

9 Q Do you know who Robert Blaauw is?

10 A Yeah, Robert Blaauw was also working in
11 SDA. If you look at the audit note, he was the EP
12 manager in SDA.

13 Q Do you recall any communications with
14 Mr. Blaauw concerning possible de-booking of
15 Gorgon proved reserves?

16 A I've had communication with Mr. Blaauw.
17 I can't remember a specific discussion on that
18 subject as you're now calling it.

19 Q If you look down on that e-mail, the
20 sentence that begins, "I realize this may carry
21 some sensitivity in SIEP," it says, "but it was
22 extensively discussed at the ASR, and SDA was
23 actioned to develop a plan to downgrade Gorgon
24 reserves." What is the ASR if you know?

25 A I believe it stands for something like
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1 REMCO AALBERS, November 7, 2006
2 "April Spring Review" or something. It was a
3 review that was done early in the year on the
4 performance of the year before by the Business
5 Advisors in their respective companies.

6 Q And did you have any involvement in the
7 ASR?

8 A No.

9 Q Were you advised of the results of the
10 ASR?

11 A No, I was not.

12 Q Was your directorate advised of the
13 results of the ASR?

14 MR. TUTTLE: Objection; calls for
15 speculation.

16 THE WITNESS: Not to my knowledge.

17 BY MR. HABER:

18 Q Yesterday you had testified that when
19 you came into the position, you reviewed files.
20 Do you recall reviewing any files related to the

21 ASR that's referenced here?

22 A No, we didn't have data on the ASR.

23 That was strictly within the region and with the
24 respective Business Advisors.

25 Q Had anyone advised you, once you got
0372

1 REMCO AALBERS, November 7, 2006
2 into the position of GRC, that SDA was actioned to
3 develop a plan to downgrade Gorgon reserves?

4 A No, I wasn't aware of that.

5 Q Did you ever have discussions with
6 Mr. Platenkamp on this point?

7 MR. TUTTLE: Objection to form.

8 THE WITNESS: Can you be more specific.

9 BY MR. HABER:

10 Q The point that I'm referring to is the
11 ASR and the fact, according to this e-mail, that
12 SDA was actioned to develop a plan to downgrade
13 Gorgon reserves.

14 A No, I didn't have discussion with him on
15 that.

16 Q Same question with regard to Mr. McKay.

17 MR. TUTTLE: Same objection.

18 THE WITNESS: No.

19 BY MR. HABER:

20 Q Do you recall having a discussion with
21 Mr. Brass on this subject?

22 MR. TUTTLE: Objection to form.

23 THE WITNESS: I didn't have a discussion
24 with Mr. Brass on that subject.

25
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1 REMCO AALBERS, November 7, 2006

2 BY MR. HABER:

3 Q Do you recall having discussions with
4 Mr. Brass in general about the possibility of
5 de-booking the reserves that had been booked in
6 Gorgon?

7 A I don't recall.

8 Q As I recall from yesterday, you
9 testified you left the GRC position in March of
10 2001; is that correct?

11 A That's correct.

12 Q At any time between this
13 correspondence -- which is this correspondence I'm
14 referring to in Exhibit 9, not the forward, which
15 is the 2000, but the actual time period of
16 September/October/November of 2000; so from that
17 point forward until the time you left, do you
18 recall having any discussions with anyone at Shell
19 concerning the possibility of de-booking Gorgon?

20 MR. TUTTLE: Objection; asked and
21 answered.

22 THE WITNESS: Well, I think I've
23 mentioned who we had the discussions with. Up to
24 2001, you're talking about? There would have been
25 discussions when I handed over my job to Leigh
0374

1 REMCO AALBERS, November 7, 2006
2 Yaxley on where all the different countries were,
3 and it would have been part of that discussion.

4 BY MR. HABER:

5 Q And do you recall when you had these
6 discussions with Mr. Yaxley?

7 A That must have been early 2001 before I
8 left the job.

9 Q Do you recall how long the transition
10 period was?

11 A No, I don't. It wasn't an extensive
12 hand-over period, but I can't remember the exact
13 timing. A couple of weeks would be my guess.

14 Q Do you recall what you told Mr. Yaxley
15 about Gorgon?

16 A Well, not word by word, but in general I
17 would have explained to him what the history of
18 Gorgon was and the discussions and that, depending
19 on the progress of the project, there might be a
20 decision required in due course, but that as it
21 stood at the moment, retaining the booking was
22 supported, as also indicated by Mr. Barendregt,
23 but it was certainly something to watch over time,
24 depending on what progress the project would make
25 or not.

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1 REMCO AALBERS, November 7, 2006
2 Q Was the Gorgon booking discussed with

3 the ExCom at the end of the 2000 close-out? So
4 that would be in January or February 2001.

5 A I don't know. I wasn't at the actual
6 discussion of reserves, so I don't know.

7 Q Do you recall preparing any note for the
8 ExCom where Gorgon was discussed?

9 MR. TUTTLE: Same time period?

10 BY MR. HABER:

11 Q Yes.

12 A No, I don't believe I did.

13 Q Do you recall, same time period, any
14 discussions with KPMG about the Gorgon booking?

15 A As part of the reserves close-out, all
16 of Anton's audits that year would have been
17 covered, and this one would have been covered, so
18 it would have been part of the discussion, but
19 with Anton's support it wasn't a major issue that
20 year, as far as I recall.

21 Q Do you recall KPMG asking the type of
22 questions that it had asked previously that you
23 had testified about?

24 A I don't believe they did at that point.

25 Q Do you recall having any discussions

0376

1 REMCO AALBERS, November 7, 2006
2 about Gorgon with Mr. de la Mar?

3 A No, not extensively. It was one of the
4 additions in the first that I arrived.

5 Q Did he say anything to you about whether
6 Gorgon should have been booked or not?

7 A I don't believe that was a point of
8 discussion at that viewpoint, so the answer is no.

9 Q Do you know how Shell reported the
10 Gorgon booking publicly; that is, as a new
11 discovery or a revision?

12 A In the booking for Gorgon actually
13 rolled into the revisions, one of the questions I
14 raised at the time with the Reserves Coordinator
15 at that point in time, Helge Hammer, and the
16 explanation I got back was that they had already
17 booked reserves expectation the year before it was
18 ever approved, so that they now booking approval
19 was actually a provision of --

20 THE REPORTER: Slow down.

21 THE WITNESS: Expectation the year

22 before or maybe prior to, two years before. I'm

23 not sure if it was the year before or the year

24 before that.

25 So that was the explanation. I accepted

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1 REMCO AALBERS, November 7, 2006

2 the explanation. On hindsight, being the first

3 time proved booking, it should have actually gone

4 into the discovery category, but that was an

5 oversight because of the way the discussion went,

6 and I hadn't realized that's where it should have

7 gone. That's where I would have put it in

8 subsequent years. Having just arrived new on the

9 job, I missed that point and accepted the

10 explanation from Australia, why it was showing up

11 as revisions.

12 (Exhibit No. 10 was marked for

13 identification and attached to the deposition

14 transcript.)

15 BY MR. HABER:

16 Q For the record, we've just marked as

17 Albert Exhibit 10 a series of e-mails with an

18 attachment. The last in the series is from Helge

19 Hammer to Mr. Aalbers, with a CC to a couple of

20 people. It's dated February 2, 1998. The subject

21 line reads "Re Australia -- Reserves Query." The

22 Bates number range is RJW00931357 through

23 RJW00931360.

24 Mr. Aalbers, have you seen these e-mails

25 and the attachment before today?

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1 REMCO AALBERS, November 7, 2006

2 A I've seen the e-mail. I believe I've

3 seen the attachment, but I, I don't recall it as

4 such very clearly.

5 Q My only question is directed to the

6 first page of the exhibit. Is the e-mail from

7 Mr. Hammer to you a communication where Mr. Hammer

8 explained why Gorgon should be booked as a

9 revision?

10 A This is the e-mail I referred to. I

11 asked the question on sort of where all the
12 relative bookings came from, and he indicated here
13 why he had selected revision, and I accepted that
14 explanation.

15 Q So this e-mail would be reflective of
16 that conversation or communication?

17 A Well, there wasn't a discussion. It was
18 only the e-mail communication. Again due to time
19 differences, it was generally over e-mail.

20 Q Now, subsequent to this e-mail, during
21 your tenure as GRC did you have any communications
22 with Mr. Hammer concerning whether Gorgon should
23 have been booked or not as proved reserves?

24 A I don't believe I had. I don't think
25 Helge was in the job very long. When I was there,
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1 REMCO AALBERS, November 7, 2006

2 his job was taken over by Sheila Graham and then
3 after that by Sarah Bell. I don't recall any
4 discussion other than that.

5 Q Do you recall any communications from
6 Mr. Hammer where Mr. Hammer expressed the view
7 that Gorgon had not reached commercial maturity?

8 MR. TUTTLE: Objection; foundation.

9 THE WITNESS: No.

10 BY MR. HABER:

11 Q And by communications, just so again in
12 this case I'm clear, it's not only by e-mail or
13 letter, but also verbal, by telephone?

14 A Correct.

15 Q Now, were the -- in connection with the
16 close-out that we talked about, the close-out
17 meeting in 2000, I believe you had testified that
18 the Deputy Group Controller attended that meeting
19 with the External Auditors; is that correct?

20 A Yes. He always attended the close-out
21 reserves meetings.

22 Q Do you recall the Deputy Group
23 Controller saying anything with regard to Gorgon?
24 And now I'm talking about the meeting in January
25 of 2000 or February of 2000.

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1 REMCO AALBERS, November 7, 2006

2 A January 2000, that was about the

3 additional booking. No, I don't.

4 Q How about during your tenure as GRC; do
5 you recall having any communication with the
6 Deputy Group Controller concerning whether Gorgon
7 should have been booked as proved reserves?

8 A Very possible, but I don't, don't recall
9 any specific conversations.

10 (Exhibit No. 11 was marked for
11 identification and attached to the deposition
12 transcript.)

13 BY MR. HABER:

14 Q We've just marked as Aalbers Exhibit 11
15 a series of e-mails, the last of which is from
16 Mr. Aalbers to Sheila Graham, dated September 21,
17 2000. The subject line reads, "Re: Gorgon
18 Reserves vs. SFR." The Bates number range is
19 PER00020250 to PER00020251.

20 Mr. Aalbers, have you seen these e-mails
21 before today?

22 A Yes, I have.

23 Q A few moments ago I asked you questions
24 about recollection concerning communications with
25 Sheila Graham about the possibility of de-booking.

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1 REMCO AALBERS, November 7, 2006

2 Does this document refresh your recollection about
3 such communications?

4 A Uh-huh, yes.

5 Q Do you recall any other communications
6 with Ms. Graham where she had indicated that they
7 were -- and I'm just going to use her words, based
8 upon the e-mail at the bottom of Page 1 that
9 carries over to Page 2 -- "collating data on
10 Gorgon with the view to making a recommendation on
11 reserves versus SFR for review by all interested
12 parties by the end of October." The question
13 is --

14 A I missed the first part.

15 Q And I apologize. With regard to the
16 portion of the sentence I just read you, do you
17 recall any other communications with Sheila Graham
18 where she had indicated that SDA was looking for

19 information with a view to making a recommendation
20 to de-book?

21 MR. TUTTLE: Objection to the
22 characterization of the document.

23 THE WITNESS: No, I think this is the
24 main discussion that went. I think I also earlier
25 said that there was a discussion running within
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1 REMCO AALBERS, November 7, 2006
2 SDA whether or not it was still appropriate to
3 retain the booking. I was trying to refer to this
4 at that point, and I remember this e-mail
5 discussion. It was just prior to Anton Barendregt
6 going back -- going to SDA for his regular
7 reserves audit.

8 BY MR. HABER:

9 Q And did you understand from her e-mail
10 that the issue that they were looking for data was
11 a possible de-booking?

12 A Yes. They were looking at whether or
13 not they felt it was still appropriate to keep
14 Gorgon on the books.

15 Q And so in her e-mail in the portion I
16 read to you, when it refers to "reserves versus
17 SFR," does that refer to taking the reserves that
18 had been booked as proved and then moving them
19 over to the category of SFR?

20 A Yeah, the deal was about if you take
21 them out of reserves, they would then
22 automatically go into scope for recovery, which
23 the volume is there, but you just don't categorize
24 them as reserves at the time. It's just not a
25 category where . . .

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1 REMCO AALBERS, November 7, 2006

2 Q And that would be a de-booking of
3 reserves?

4 A Yes, correct.

5 MR. HABER: I am told there are five
6 minutes on the tape.

7 THE VIDEOGRAPHER: This marks the end of
8 Tape 1 in Volume II of the deposition of
9 Mr. Aalbers. We are going off the record. The

10 time is 12:29 p.m.

11 (Whereupon, a short recess was taken.)

12 THE VIDEOGRAPHER: This marks the
13 beginning of Tape 2, Volume II in the deposition
14 of Mr. Aalbers. We are back on the record. The
15 time is 12:28 p.m.

16 MR. HABER: Let's mark this as an
17 exhibit.

18 (Exhibit No. 12 was marked for
19 identification and attached to the deposition
20 transcript.)

21 BY MR. HABER:

22 Q For the record, we have just marked a
23 series of e-mails as Aalbers Exhibit 12. It's a
24 three-page document. The last e-mail in the
25 series is from Roelof Platenkamp to Mr. Aalbers

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1 REMCO AALBERS, November 7, 2006
2 with a CC to Aidan McKay. It's dated January 7,
3 2000. Subject reads "Re: Australia -- Gorgon
4 reserves to SFR," with four question marks
5 following it. The Bates number range is
6 PBW0002283 to PBW0002285.

7 Mr. Aalbers, have you seen these e-mails
8 before today?

9 A Well, I'm copied on a number of them, so
10 yes, I have seen them, but they don't just all
11 quickly come to memory.

12 Q In particular I want to talk to you
13 about the e-mail that you sent to Mr. Platenkamp
14 with a CC to Mr. McKay, dated January 7, 2000,
15 that's on Page 1 of the exhibit. Do you recall
16 the reason why you sent the e-mail to
17 Mr. Platenkamp?

18 A No, I don't. I expect it was following
19 the discussion with Aidan and the request to
20 provide the information to Roelof.

21 Q Do you have any recollection of what was
22 discussed with Mr. McKay?

23 A No, I don't.

24 Q If you look at the first paragraph, full
25 paragraph in your e-mail, it says, "If SDA were to

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1 REMCO AALBERS, November 7, 2006

2 reclassify Gorgon reserves, the impact on proved
3 reserves would also be 50 percent (some 105.8 mrd
4 sm3!)." What did you mean by that?

5 A I was indicating what the volume of
6 Gorgon was that we actually had on the books at
7 that point in time.

8 Q Was there a discussion with Mr. McKay
9 about what impact a de-booking would have on
10 Shell's proved reserves?

11 A Yes. I mean this was trying to put the
12 size of Gorgon in perspective to the total of the
13 group.

14 Q Did you have a similar conversation with
15 Mr. Platenkamp other than through this e-mail?

16 A I don't recall whether we had an actual
17 discussion on it, but it's possible.

18 Q And by "50 percent" are you referring to
19 the total proved reserves that Shell was
20 reporting, or are you referring to the Reserves
21 Replacement Ratio?

22 MR. TUTTLE: Objection; form,
23 characterization of the document.

24 MR. HABER: I'm just asking him what
25 he's referring to.

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1 REMCO AALBERS, November 7, 2006

2 THE WITNESS: I believe it means
3 50 percent of the reserves on the books in
4 Australia.

5 BY MR. HABER:

6 Q So it's a reference to Australia?

7 A Yes.

8 Q Now, if you turn the page to Page 2 of
9 the e-mail, and in particular I'm looking at the
10 e-mail from Sheila Graham dated January 7, 2000,
11 to Robert Jager, with a CC to Robert Blaauw and
12 you, the subject says, "Re: ARPR Update." If you
13 look at the middle paragraph -- and I'm not going
14 to read it into the record, but it talks about
15 efforts to locate records about the Gorgon
16 booking. Do you recall any discussion with
17 Mr. Platenkamp concerning the subject that's in

18 this paragraph?

19 A No, we didn't discuss this.

20 Q Do you recall discussing again the
21 subject of this paragraph with Mr. McKay?

22 A No, I don't.

23 Q Do you recall having a discussion or a
24 communication with Mr. Jager about the subject of
25 that paragraph?

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1 REMCO AALBERS, November 7, 2006

2 A No, I don't.

3 Q The same question with regard to
4 Mr. Blaauw.

5 A No, I haven't had discussion with
6 Mr. Blaauw on that.

7 Q Lastly, Ms. Graham -- do you recall a
8 communication with Ms. Graham other than this
9 e-mail on that subject?

10 A That's possible, but I don't remember.

11 Q Just going back to your e-mail to
12 Mr. Platenkamp, and in particular the 50 percent
13 figure in that second paragraph, do you recall
14 having a discussion with Mr. Platenkamp of how
15 that reduction would affect Shell's RRR?

16 A No, I don't. The information here only
17 talks about what the absolute impact would be on
18 total reserves.

19 Q And that would be six percent?

20 A That's what the e-mail says, yes.

21 Q Okay. And was that a figure that you
22 arrived at through your own, own work?

23 A Yes.

24 Q You can put that aside.

25 Now, with regard to Australia, have you

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1 REMCO AALBERS, November 7, 2006

2 ever heard of Sunrise fields?

3 A Sunrise Troubadour, yes, I have.

4 Q And what type of field is that; oil or
5 gas?

6 A That's also a gas field.

7 Q Do you know if any reserves had been
8 booked in Sunrise?

9 A What time frame are we talking about?

10 Q Let's talk about the January/February
11 time frame.

12 A Booked by whom?

13 Q Shell.

14 A I believe we didn't have reserves in
15 Sunrise Troubadour.

16 Q Do you recall any discussions within
17 your directorate concerning using reserves from
18 Sunrise as an offset for Gorgon?

19 A Yeah, I recall that there has been
20 discussions on that.

21 Q What is your recollection about those
22 discussions?

23 A As far as I can recall, there were at
24 some point discussions where future LNG trains
25 would actually -- rather than getting Gorgon, some
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1 REMCO AALBERS, November 7, 2006
2 distributor would sort of jump the queue and get
3 developed maybe ahead of Gorgon.

4 Q And in terms of being an offset for
5 Gorgon, do you recall any discussions?

6 A I can't remember exactly, but I mean I
7 think sort of just the basic discussion would be
8 that if you actually decided to develop Sunrise,
9 then at that point you would book Sunrise, but
10 then you would de-book Gorgon, because then
11 obviously you made a different choice in terms of
12 how you were going to develop these fields.

13 Q Who did you have these discussions with?

14 A I don't remember who exactly with. I
15 would assume it would be possibly Aidan and
16 probably also with the Business Advisor, but I
17 don't recall exactly.

18 Q And the Business Advisor; would that be
19 Rob Jager?

20 A Yes, that would be Rob Jager.

21 Q And again I propose to you around the
22 time frame January/February of 2000. Is this your
23 best recollection of when these discussions
24 occurred?

25 A No, not necessarily, but it would have

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1 REMCO AALBERS, November 7, 2006

2 been in the latter part when I was Group Reserves
3 Coordinator, but I don't know the exact timing.

4 Q You say "the latter part," so that would
5 be sometime at least after January/February of
6 2000 up until March 2001?

7 A That would be my guess.

8 Q Now, during your, during your tenure as
9 GRC, do you recall there being any issues that
10 came to your attention in Brunei?

11 A Yes, there were.

12 Q And what were the issues?

13 A I believe we called them at the time
14 legacy reserves.

15 Q And what are legacy reserves?

16 A Legacy reserves were reserves that had
17 been booked in Brunei I believe actually a long
18 time before I was Reserves Coordinator, I think
19 possibly up to about ten years before, which
20 hadn't actually quite matured through, and with
21 some of them there were potentially some issues as
22 to whether or not they could actually be developed
23 or not.

24 Q And how did these issues come to your
25 attention?

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1 REMCO AALBERS, November 7, 2006

2 A I can't remember when the legacy series
3 first came. It came up as part of discussions on
4 the Brunei reserves, but I can't remember exactly
5 at what point and with whom.

6 Q Now, when you say "came up as part of
7 discussions," now I'm going to try to refresh your
8 recollection. Do you, do you believe that the
9 discussions were with Mr. Platenkamp?

10 A No, they certainly wouldn't have been
11 with Mr. Platenkamp.

12 Q And why is that?

13 A Because they would have been either with
14 people in BSP, Brunei Shell Petroleum, or with the
15 Business Advisor. It would be one or the other.
16 Potentially it could have also come out of a

17 common summary in a Business Plan submission that
18 I picked up on. That would be the most logical
19 place as well initially -- where the discussion
20 initiated basically when I became aware of the
21 specific issue.

22 Q So if it came up, as you say, more
23 likely in a Business Plan submission, that would
24 be after the ARPR process, correct?

25 A No. I said there are three potential

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1 REMCO AALBERS, November 7, 2006
2 options. It could either have been in discussions
3 with staff in Brunei Shell, it could have been in
4 discussion with the Business Advisor, or possibly
5 out of a comment maybe somewhere in the Business
6 Plan. Any of those three are equally likely.

7 Q And my question was only directed with
8 regard to Option 3, which was the Business Plan.
9 That would occur after the ARPR?

10 A The Business Plan -- well, it depends.
11 The Business Plan is in between, so the Business
12 Plan is mid-year and the ARPRs are at the start or
13 end of the year, however you call it, so the cycle
14 is ARPR, Business Plan, ARPR, Business Plan, so
15 it's in between.

16 Q Okay. Now, who do you recall was the
17 RBA for BSP at that time?

18 A I knew that question was coming. Nice
19 guy. The name's just slipped me. I think he had
20 a fairly complicated name. I just can't get his
21 name at the moment.

22 Q Okay. And you mentioned possibly people
23 from BSP. Who else would be at BSP that you would
24 be communicating with on these issues?

25 A I can't remember who was the Reserves

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1 REMCO AALBERS, November 7, 2006
2 Coordinator at the time, but I believe there were
3 discussions with Chris Kennett.

4 Q Who was Chris Kennett?

5 A I can't remember what his exact job at
6 the time was. He might have been head of
7 Development Unit or head of Petroleum Engineering

8 or something along those lines. He was a
9 reservoir engineer that I already knew from before
10 in the NAM.

11 Q Do you recall the sum and substance of
12 the discussions you had with Mr. Kennett?

13 A We basically had discussions on the
14 origin of the, uh, well, what they call legacy
15 reserves and on the political sensitivity locally
16 in Brunei of de-booking those.

17 Q And what were the political
18 sensitivities that were discussed?

19 A I can't remember exactly what, how it
20 went, but Shell had made promises on these
21 reserves, and it was fairly sensitive whether or
22 not that was happening, and they couldn't -- well,
23 they locally found that they couldn't just de-book
24 these without doing some further work, and they
25 were trying to work through a program. They were

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1 REMCO AALBERS, November 7, 2006
2 trying to address all these legacy reserves on an
3 individual basis, and sort of updates, field, the
4 reservoir development plans, and then slowly try
5 to work the issue out.

6 Q Do you recall there being any discussion
7 about possibly de-booking the reserves?

8 A Yes, there was certainly discussion on
9 that. As far as I recall the discussion, I felt
10 at the time that if you couldn't justify them at
11 that point, you should take them out of the books.

12 Q Did you communicate that view to anyone
13 else at Shell?

14 A That discussion was certainly with
15 Brunei Shell and the people I was talking to and
16 with the Business Advisor.

17 Q Who at the moment you don't recall his
18 name?

19 A Yeah. When I get it, I'll tell you.
20 I'm hoping you're going to give me a piece of
21 paper with the name on it.

22 Q I wish I could.

23 Did you discuss your view about whether
24 to de-book or not with Mr. Platenkamp?

25 A I don't recall.

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1 REMCO AALBERS, November 7, 2006

2 Q Same question with regard to Mr. McKay.

3 A Again I don't recall, because I'm not a
4 hundred percent sure at what point in time this
5 discussion was taking place. It was somewhere I
6 believe in sort of the middle of my tenure, so I
7 haven't got the exact time frame. So it's
8 possible that it was still when Wouter van Dorp
9 was still there.

10 Q Do you recall discussing the issue with
11 Mr. van Dorp?

12 A Well, that would place the time, so no.

13 Q Well, I'm just trying. Do what I can to
14 try.

15 Now, were there also issues concerning
16 license expiry in Brunei?

17 A Yes, there was also discussion on -- I
18 believe at the time there was 2003 was when the
19 license needed to be renewed in Brunei.

20 Q And do you recall if there were any
21 efforts to resolve the license expiry issue?

22 A As far as I remember, I had discussions
23 with the RBA on that, because Brunei Shell
24 actually had booked reserves well beyond 2003, and
25 at the end of the day it was concluded that Shell

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1 REMCO AALBERS, November 7, 2006

2 in Brunei had an automatic right of extension and
3 that the license expiry wasn't an issue, and I
4 believe we had a license expiry before when the
5 license was renewed, so there was an historic
6 track record.

7 Q There wasn't any historic --

8 A There was.

9 Q Oh, there was? Okay. Was it your
10 understanding that Shell was entitled to an
11 automatic extension?

12 A At the time when the discussion started,
13 it wasn't clear to me that that was the case when
14 we had that discussion.

15 Q Subsequent to that time did you learn

16 that Shell was entitled to an automatic extension?

17 A The conclusion of the discussion was
18 that -- sorry. Let me rephrase that. The advice
19 that I was given from the people for -- business
20 advice from people in Brunei was that we had that
21 and that's how it got settled, so we retained the
22 reserves post-2003, and in actual fact, the
23 license was extended when it was 2003. I think it
24 was extended sometime in 2002, but I don't know
25 the exact date.

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1 REMCO AALBERS, November 7, 2006

2 Q And the extension occurred after you had
3 left your position as GRC, to the best of your
4 recollection?

5 A I believe. Yeah, I believe to my
6 recollection that was the case.

7 Q Okay. Now, with regard to the legacy
8 issues, do you know if Brunei prior to -- strike
9 that. With regard to the legacy issues, do you
10 know if Brunei de-booked reserves that had been
11 booked as proved?

12 A I believe it was -- the issue had been
13 there for a while. I believe that some reserves
14 had been revised over time. They didn't de-book
15 all those legacy reserves at that point in time
16 when we had the discussion, but they -- we agreed
17 that they were going to work a plan and address
18 them all sort of individual over the next -- I
19 can't remember how many years. Two or three years
20 they were going to work themselves through. It
21 was just some of the reservoirs, it was physically
22 impossible to do it all in one go.

23 Q And when you say "we" agreed, who are
24 you referring to?

25 A At the end of the day it was agreed

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1 REMCO AALBERS, November 7, 2006
2 between Brunei and the Business Advisor, and I
3 accepted that compromise and didn't push the issue
4 any further.

5 Q And in accepting that compromise, did
6 you discuss it with any of your bosses?

7 A I'm pretty sure I have, but I don't

8 recall, as we've been through before.

9 Q Do you know if any reserves in Brunei
10 had been recategorized as a consequence of Project
11 Rockford?

12 A I think some have been differently
13 revised, but I'm not a hundred percent sure. I
14 believe there have been.

15 Q Do you know if any of those reserves are
16 the reserves that we were just talking about?

17 A There would be those reserves, to my
18 knowledge, yes.

19 MR. HABER: Okay. Why don't we stop for
20 lunch.

21 THE VIDEOGRAPHER: We are going off the
22 record. The time is 12:52 p.m.

23 (Whereupon, the lunch recess was taken.)

24 THE VIDEOGRAPHER: We are back on the
25 record. The time is 1:42 p.m.

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1 REMCO AALBERS, November 7, 2006

2 BY MR. HABER:

3 Q Good afternoon, Mr. Aalbers.

4 A Good afternoon.

5 Q Do you recall during your tenure as GRC
6 issues arising in connection with booking approved
7 reserves in Angola?

8 A Yes, I do.

9 Q And what issues do you recall?

10 A The discussion was whether or not Angola
11 had sufficient discoveries with sufficient
12 technical commercial maturity to be proved
13 reserves.

14 Q And how did that issue come to your
15 attention?

16 A The discussion was they are already
17 running through the year as part of the Quarterly
18 Reporting of reserves and through discussions with
19 the Business Advisor for Shell Angola.

20 Q Who is the Business Advisor for Shell
21 Angola?

22 A That is Gordon Parry.

23 Q Did that position, the person in the

24 position change at some point in time?

25 A Well, through the period of discussion,

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1 REMCO AALBERS, November 7, 2006

2 Gordon Parry was the Business Advisor.

3 Q And so we're clear, what time frame are

4 you referring to?

5 A I think this is end of 2000.

6 Q Sometime around September to the end of

7 the year; does that sound about right?

8 A Yes.

9 Q You have to verbalize for the court

10 reporter.

11 A Yes.

12 Q Thank you. Do you recall how much

13 volume was being proposed to be booked?

14 A I think initially there were discussions

15 over volume around 300 million barrels of oil

16 Shell share.

17 Q When you say "Shell share," were there

18 other co-venturers in the project?

19 A Yes. It was a non-operator venture. I

20 believe BP was the operator.

21 Q Do you know who was doing the technical

22 work for Angola?

23 A The technical work was being done by

24 SDS.

25 Q And is that out of Houston?

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1 REMCO AALBERS, November 7, 2006

2 A That's out of Houston, yes.

3 Q Do you recall speaking with anyone at

4 SDS regarding the Angola issues?

5 A I believe in December 2000 we went over

6 to -- sorry -- Anton Barendregt and myself went

7 over to SDS to discuss the technical work that

8 they had done for Shell Angola.

9 Q And how is it that you were asked to go

10 to Houston?

11 A We were asked to verify whether or not,

12 based on the work that was done, there was

13 actually a case or basically sufficient technical

14 commercial maturity to support booking of reserves

15 by year-end.

16 Q And who requested that you and
17 Mr. Barendregt go to this meeting?

18 A I believe I heard the request via my
19 boss, Aidan McKay.

20 Q Did Mr. McKay indicate that your
21 presence was requested from someone higher than
22 him?

23 A Yeah, I believe the discussion had come
24 from a higher level, yes.

25 Q And what level; did he say?

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2 A I can't recall where the call exactly
3 had come from. It had obviously been discussed
4 and been decided that for this specific case it
5 would be a good idea that we actually review the
6 booking before we made the booking.

7 Q That to review the booking before the
8 booking was made; was that something that you had
9 done prior to the end of 2000 as GRC?

10 A No. This was actually a special case.
11 We hadn't normally done it in this type of way
12 before.

13 Q And why was this a special case?

14 A I guess that some people felt uneasy
15 about the, about the booking and the technical and
16 commercial maturity of the booking, and felt that
17 it was the best thing to review it up front rather
18 than book it and then have it reviewed afterwards
19 and then come to the conclusion that you didn't
20 support it and have to de-book it again.

21 Q Do you know who was proposing this, this
22 course of action, that is?

23 MR. TUTTLE: Objection; asked and
24 answered.

25 THE WITNESS: No.

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1 REMCO AALBERS, November 7, 2006

2 MR. HABER: I was referring to people
3 other than his immediate and then higher up.

4 THE WITNESS: I don't know where the
5 idea originally came from.

6 BY MR. HABER:

7 Q Do you recall when the request for you
8 to go down to Houston was made?

9 A Sometime late 2000. I can't recall
10 exactly. I think I was actually out on another
11 trip when I heard that this was going to happen.
12 Must have been September/October time or
13 something.

14 Q Did you do anything to prepare for the
15 meeting?

16 A No, I don't think we did anything
17 specific before the meeting. There had been
18 discussion with Anton Barendregt and people in SDS
19 prior, because Anton happened to be out on a
20 reserves audit for the Shell Oil reserves, and
21 while he was there they basically had a meeting
22 with him to sort of understand what it was that
23 they were required to do to support this technical
24 and commercial maturity for a booking year-end.
25 So that was part of the preparation that had

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1 REMCO AALBERS, November 7, 2006
2 happened already before, and we basically had a
3 discussion with Anton on what we were going to do
4 there, and they would present their case, and we
5 would review whether or not we felt that was
6 appropriate work that could support a booking.

7 Q Did Mr. Barendregt communicate to you
8 the substance of his discussions with the people
9 at SDS while he was down in Houston on this Shell
10 audit?

11 MR. WEED: Objection; form.

12 THE WITNESS: We discussed briefly that
13 he had had that meeting and that he basically had
14 explained how the Shell Guidelines on reserves
15 worked, so what was required to support a booking.

16 BY MR. HABER:

17 Q Was any information forwarded to you
18 prior to the meeting from SDS?

19 A I don't recall. I don't think so.

20 Q I'm sorry. You may have said it. Who
21 at SDS was the primary person that was involved
22 with this meeting?

23 MR. TUTTLE: Objection; form.

24 THE WITNESS: I don't think we covered
25 that yet.

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1 REMCO AALBERS, November 7, 2006

2 BY MR. HABER:

3 Q Okay. Well, who at SDS was the person
4 that you communicated with?

5 MR. TUTTLE: Objection to the
6 characterization, to the form.

7 THE WITNESS: I can't remember. I
8 believe the meeting was set up through the
9 Business Advisor, so our communication was
10 primarily with the Business Advisor and with the
11 people from Shell Angola.

12 BY MR. HABER:

13 Q Shell Angola; that's SDAN?

14 A Yeah, I believe that's the right
15 abbreviation. Shell Development Angola or
16 something.

17 Q Okay. So let me clear up then the
18 record. Prior to going to the meeting, had you
19 any communications with anyone at SDS relating to
20 the Angola?

21 A No, I believe I didn't.

22 Q At the meeting I believe you said in
23 December of 2000, other than you and
24 Mr. Barendregt, who attended?

25 A I don't recall all the names. I know

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1 REMCO AALBERS, November 7, 2006

2 Barry Knight was there and Matthias Bichsel was
3 there a prior time. It was next department
4 meeting, but he ended the meeting at some point.
5 And the other names I don't recall.

6 Q Was a person by the name of Richard
7 Sears in attendance at this meeting?

8 A That's possible, but I don't recall.

9 Q Now, who is Matthias Bichsel?

10 A Matthias Bichsel was the head of Shell
11 Deepwater Services at the time.

12 Q In sum and substance can you explain
13 what happened during this meeting.

14 A During the meeting they presented the
15 different fields that they had discovered in
16 Angola -- Plutonia, Cromio, these type of names --
17 where they were with the technical work on the
18 different fields and what the subsurface
19 understanding of these fields was and what that
20 potential development was, and some of the analogs
21 that you used in terms of activity and these type
22 of things, so they presented basically their case.

23 Q "They" being who?

24 A The people from Shell Deepwater Services
25 doing technical work for SDAN, because Angola at
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1 REMCO AALBERS, November 7, 2006

2 the time wasn't an operated venture, so it was, as
3 done, was fairly slimly staffed to do a lot of
4 technical work -- for Shell Deepwater Services.

5 Q What was the reaction to the information
6 that SDS was imparting during the meeting?

7 A By who?

8 Q Well, by SDAN or any of the other
9 participants.

10 A The question is not clear to me. Can
11 you try that again.

12 Q You just described generally what the
13 SDS presentation was. What I wanted to know is:
14 Other than SDS participants what was the reaction
15 of the other participants to the meeting?

16 MR. TUTTLE: Objection to form.

17 THE WITNESS: I'm -- I can't remember
18 who were there at the meeting. I don't know which
19 SDAN people were actually at the meeting. The
20 meeting was in general a presentation from SDS to
21 Anton and myself.

22 BY MR. HABER:

23 Q Do you recall if a Robert Inglis was at
24 the meeting?

25 A No, I don't.

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1 REMCO AALBERS, November 7, 2006

2 Q Do you know if Grigore Simon attended
3 the meeting?

4 A I remember his name, but I don't know if

5 he was actually at the meeting.

6 Q So what was your reaction to the
7 information that SDS had given at the meeting?

8 A We concluded from the presentation that
9 a number of fields were actually not technically
10 mature to book reserves. Some fields had very
11 complicated subsurface structures with lots of
12 faults and only one well drilled into it. Some of
13 the analogs that they used they had picked -- how
14 do I phrase it -- the best analogs from the Gulf
15 of Mexico without demonstrating, as those analogs
16 were actually applicable to the fields in Angola,
17 so all in all we felt on a number of points the
18 work wasn't technically mature.

19 Q And when you say "we" are you referring
20 to yourself and Mr. Barendregt?

21 A That's correct.

22 Q Now, in your answer you said that a
23 number of -- you referred to a number of fields
24 that were not technically mature. Do you recall
25 any discussion concerning fields that were

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1 REMCO AALBERS, November 7, 2006
2 technically mature?

3 A We ended up indicating there were
4 potentially two fields -- I think it was Plutonia
5 and one other name -- where there were part of the
6 field that had sufficient information and could be
7 considered technically mature if you were to do a
8 small development on those elements only. Some of
9 the elements for some of the other fields, even if
10 you consider the fields technically mature, even
11 the extensions of time, if they were commercially
12 even somewhat on the shaky side, not clear, then
13 you could actually tie them in. A small
14 development was potentially feasible in only
15 limited area of two of the fields.

16 Q Now, is this the conclusion that you had
17 reached, or was this a position that was being
18 advanced by SDS?

19 A I think it was part of the discussion.
20 It was clear that some elements were not
21 supportable, and as part of the meeting it was --

22 it transpired that the only bit that could be
23 supported is if they focused on those two mature
24 parts of two of the discoveries and actually
25 worked a notional Field Development Plan for
0410

1 REMCO AALBERS, November 7, 2006
2 developing those two only, with a sort of mini
3 development, and if they could actually get that
4 worked up sufficiently before the end of the year,
5 before the booking, then that was a potential
6 option that they could actually book a potential
7 reserves by year-end, on the assumption they could
8 get that done.

9 Q Do you recall how much oil was involved
10 with regard to these two fields?

11 A I think at the end of the day instead of
12 the 300 mentioned before, it ended up to being
13 something like I think around 70 million barrels
14 of oil.

15 Q Do you recall what SDS was advocating in
16 terms of how much to book?

17 MR. TUTTLE: Objection to form;
18 characterization.

19 THE WITNESS: SDS were providing the
20 technical work for SDAN to support the booking, so
21 SDS actually just showed the work they done and
22 the numbers and the technical work and what that
23 results from in terms of the work they had done.
24 During the meeting it became clear that that was
25 not going to be supported and that they had to

0411

1 REMCO AALBERS, November 7, 2006
2 work on a much more slimmed down mini development
3 basically.

4 BY MR. HABER:

5 Q So with regard to the numbers that SDS
6 had and was presenting at the meeting, was that
7 number the 300 million barrels that you had
8 mentioned a moment ago?

9 MR. WEED: Objection; form.

10 THE WITNESS: I don't recall what the
11 number was at the meeting, because it was very
12 much focused on the field developments, and you

13 got to take a step between the hundred percent
14 development and how you actually venture and work
15 up what the equivalent Shell share would be based
16 on the PSC terms, and that was actually something
17 that SDS by itself couldn't do. That was always
18 done by SDAN. They had to actually work out what
19 the equivalent Shell share was, but of course,
20 with the fields and their rough size and the work
21 that had been done before, that roughly would have
22 equated to 300 million barrels, more equivalent.

23 BY MR. HABER:

24 Q During the meeting, the discussion about
25 slimming down what could be booked, did -- was

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1 REMCO AALBERS, November 7, 2006
2 there a discussion about how much volume could be
3 booked with regard to that process, that slimming
4 down process?

5 A I don't recall if there was actually a
6 discussion on what number that would be, but just
7 by back of the envelope, I mean if you stake
8 certain fields off and you say, well, it's roughly
9 going to be 75 percent of this field, you could
10 get a rough feel on what order of magnitude that
11 would be. The number obviously couldn't be worked
12 out, because you have to first get that notional
13 FDP sort of scope, including cost estimate,
14 because without the cost estimate you can't work
15 out what the PSC terms are, so you could never
16 work out what the exact number was until you had
17 actually completed the work.

18 Q And at that point in time at the meeting
19 that work had not been done?

20 A They hadn't completed all that work at
21 that point, no.

22 Q Do you know when they completed that
23 work?

24 A They completed that work subsequently
25 after the meeting and provided that work to Anton,

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1 REMCO AALBERS, November 7, 2006
2 I believe, and on that basis a final estimate was
3 prepared by SDAN on what to book.

4 Q Do you know if the final estimate that
5 SDAN proposed was the number that SDS had reached?

6 A Hold on. Too many abbreviations. Could
7 you try that once more.

8 Q Do you know if the final estimate that
9 Shell Angola had proposed was the number that SDS
10 had reached after doing the work?

11 MR. TUTTLE: Objection to form,
12 foundation, characterization.

13 THE WITNESS: The number that SDAN
14 eventually proposed to book was a number that they
15 calculated based on the technical work done by
16 SDS.

17 BY MR. HABER:

18 Q The technical work that SDS had done,
19 had you seen it?

20 A I don't think I saw the final technical
21 work, no.

22 Q Do you know if SDS had concluded --
23 withdrawn. Do you know if SDS included, in the
24 technical work that it had done after the meeting,
25 a number that could be supported for a booking?

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1 REMCO AALBERS, November 7, 2006

2 A They would have worked out the Field
3 Development Plan, the cost, and how to develop it
4 and what forecast goes with that to supply that to
5 SDAN, who could on that basis work out what the
6 reserves would be based on the economic model,
7 because again that was being done by SDAN, so they
8 didn't actually propose the final number. They
9 did the hundred percent number basically.

10 Q What you say "the hundred percent
11 number," are you referring now to the slim-down
12 project or the larger --

13 A The hundred percent, without looking at
14 who owns which part, because BP is in the project
15 and Shell is in the project, and you have to work
16 up to them, so the hundred percent volume that we
17 produced from that Mini Field Development Plan for
18 the two fields in the high confidence areas that
19 were left.

20 Q I see, so it's the hundred percent, but

21 it doesn't take into consideration Shell share?

22 A It doesn't take into consideration Shell
23 share or BP share or government share or anything.
24 It's what would be produced through the wells on a
25 hundred percent basis.

0415

1 REMCO AALBERS, November 7, 2006

2 Q And then Shell share would be figured
3 out by SDAN?

4 A Correct.

5 Q Going back to the meeting in December,
6 do you recall if Rod Sidle had attended the
7 meeting?

8 A Rod Sidle was not at the meeting, to my
9 recollection.

10 Q Do you recall if Mr. Sidle was asked to
11 give any, uh, any of his advice on the potential
12 booking in Angola?

13 A Can you just repeat that question.

14 Q If you --

15 A No, just repeat the question.

16 Q I'll just repeat it.

17 A Yeah, please.

18 Q Do you recall if Mr. Sidle was asked to
19 give any advice on the potential booking in
20 Angola?

21 A I believe in the initial meeting when
22 Anton was in the U.S. for his audit, he was
23 actually with Rod Sidle, and I believe the two of
24 them had the discussion with SDS at the time.

25 Q Did Mr. Barendregt communicate to you

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1 REMCO AALBERS, November 7, 2006
2 what the two of them had discussed?

3 A No, not what the two of them discussed,
4 and I think we covered before, he indicated to SDS
5 what work would be required to sort of support the
6 technical notional maturity.

7 Q At the time of the discussions,
8 including the meeting that took place surrounding
9 Angola, did you feel that SDAN was put under
10 pressure to book the reserves?

11 A Yes, they were clearly put under

12 pressure.

13 Q And why do you say that?

14 A That was clear from the discussions with
15 the Business Advisor, and I believe I actually had
16 an e-mail forwarded at some point which indicated
17 that as well.

18 Q And who did you believe was exerting the
19 pressure?

20 A The pressure was being put on Gordon by
21 his Regional Business Director.

22 Q And who is that?

23 A That's Heinz Rothermund.

24 Q And did you have an understanding of why
25 Mr. Rothermund was exerting the pressure?

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1 REMCO AALBERS, November 7, 2006

2 MR. TUTTLE: Objection to form.

3 THE WITNESS: I understand he was being
4 put under pressure by Mr. Phil Watts.

5 (Exhibit No. 13 was marked for
6 identification and attached to the deposition
7 transcript.)

8 BY MR. HABER:

9 Q For the record, we've just marked as
10 Aalbers Exhibit 13 a two-page document with a
11 couple of e-mails on them. The last e-mail in the
12 series is from Ian Hines to Derek Newberry with a
13 CC to Chandler Wilhelm, and it's dated
14 September 7, 2000. The subject is a forward of
15 reserves regarding Angola and Brazil reserves.
16 The Bates range is SMJ00034872 to SMJ00034873.

17 Mr. Aalbers, have you seen these e-mails
18 before today?

19 A I've seen the latter part at some point.
20 I don't believe I've seen the top. It wasn't
21 addressed to me.

22 Q I see you're referring to the e-mail
23 from Gordon Parry to Robert Inglis where you're
24 cc'd and it's dated September 2000?

25 A Yes.

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1 REMCO AALBERS, November 7, 2006

2 Q And is this the e-mail you were

3 referring to a moment ago in your testimony?

4 A Yeah, I believe this is one of the
5 e-mails in which it was clear that there was
6 pressure to book reserves.

7 Q Now, you said you had discussed this
8 issue with the RBA. Do you recall the sum and
9 substance of the discussions?

10 A The discussion with Gordon was very much
11 along the lines of what was required to enable
12 booking and what was required to work out the raw
13 numbers and things. He wasn't an expert on
14 reserves bookings, so he needed quite a bit of
15 advice on what was involved.

16 Q I'm referring in particular to
17 discussions with Mr. Parry concerning pressure
18 being exerted to book the reserves.

19 A I don't recall the exact discussions,
20 but it was clear that there was an expectation
21 from senior management that they wanted reserves
22 to be booked. We had spent quite a lot of money
23 in Angola already on exploration appraisal wells,
24 and basically people wanted to see some results
25 from that.

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1 REMCO AALBERS, November 7, 2006

2 Q Do you recall having any discussions
3 with Mr. Rothermund concerning booking reserves in
4 Angola?

5 A No, I don't believe I ever had a
6 discussion directly with Mr. Rothermund on it.

7 (Exhibit No. 14 was marked for
8 identification and attached to the deposition
9 transcript.)

10 BY MR. HABER:

11 Q For the record, we've marked as Aalbers
12 Exhibit 14 again a series of e-mails. It's two
13 pages. The last of the e-mail string is from
14 Mr. Aalbers to Aidan McKay. It's dated
15 October 30, 2000. The subject line is "Forwarded:
16 Angola -- Reserves LE 3Q00." The Bates number,
17 there's two ranges. The first one is SMJ00033605
18 through SMJ00033606, and the second Bates range is
19 RJW010008000 to RJW01000801.

20 Mr. Aalbers, have you seen these e-mails

21 before today?

22 A Yes, I have.

23 Q And if you notice, the last e-mail is

24 from you to Mr. McKay, and it's a forward of all

25 the other e-mails. Do you recall the reason why

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1 REMCO AALBERS, November 7, 2006

2 you forwarded this to Mr. McKay?

3 A Aidan was my boss at the time, so I
4 wanted to make sure he was aware of the discussion
5 of Angola that was running.

6 Q And did you actually have discussions
7 with Mr. McKay about what was happening in Angola?

8 A Yes, he was aware of those.

9 Q And do you recall the substance of the
10 conversations that you had with him?

11 A Well, this is still the discussion ahead
12 of the meeting where the issue eventually was
13 going to be whether or not we would get to a
14 booking by the end of the year with a supportable,
15 commercially and technically -- technically and
16 commercially mature reserves in Angola.

17 Q Did you discuss any of the pressure that
18 you understood was being exerted to book the
19 reserves with Mr. McKay?

20 A I don't recall the discussion as such,
21 but yes, we would have discussed the pressure that
22 at least was being put on the system, but I also
23 made it very clear to Aidan our position was that
24 it was either going to be technically commercially
25 mature or not, irrespective of the impression that

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1 REMCO AALBERS, November 7, 2006

2 other people might feel within the system.

3 Q What did he say in response?

4 A He fully agreed with that position.

5 Maybe just coming back to the answer
6 before, you asked about a discussion with Mr.
7 Heinz Rothermund. I said I didn't have it. I
8 meant that as verbal discussion. This was an
9 e-mail. There was never actually a discussion. I
10 forwarded this on behalf of Mrs. Sue Lovelock. I

11 never physically discussed it with Heinz, to my
12 recollection.

13 Q And who was Susan Lovelock?

14 A She was the Finance Advisor in EPG.

15 Q EPG is the region under which Angola
16 fell?

17 A Yeah, so Heinz Rothermund was the
18 Regional Business Director for EPG.

19 Q If you look at the e-mail from -- right
20 below yours, from Mr. Rothermund to Mr. Bichsel of
21 which you were cc'd, among others, the second
22 sentence in the e-mail says, "As mentioned to you
23 on earlier occasions, there is a critical need for
24 EP to be in a position to book these reserves in
25 2000." Did you have an understanding as to why
0422

1 REMCO AALBERS, November 7, 2006

2 there was a critical need for EP to be in a
3 position to book reserves in Angola in 2000?

4 MR. TUTTLE: Objection to form.

5 THE WITNESS: It was clear from the
6 tracking of what we were expecting to get booked
7 throughout 2000, that we were not going to meet
8 the aspiration of a hundred percent reserves
9 placed for that year.

10 BY MR. HABER:

11 Q Was this issue something that was
12 discussed by you and your bosses?

13 MR. TUTTLE: Objection to form.

14 THE WITNESS: I don't actually
15 understand it.

16 BY MR. HABER:

17 Q I was going to say let me rephrase that.
18 Withdrawn.

19 Was the issue of the Reserves
20 Replacement Ratio in conjunction with Angola
21 something that you discussed with your bosses?

22 MR. TUTTLE: Objection to form.

23 THE WITNESS: That was one element of
24 the reserves replacement for that year, so
25 reserves replacement in general was something that
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1 REMCO AALBERS, November 7, 2006

2 was high on the agenda, so Angola would have been
3 part of that discussion.

4 BY MR. HABER:

5 Q You mentioned that Angola, the project
6 was slimmed down, and I believe you said that
7 approximately 70 million barrels were booked; is
8 that correct?

9 A Yeah, that's my recollection.

10 Q Have you ever heard of a creaming
11 project before?

12 A Yes.

13 Q What is a creaming project?

14 A I guess a creaming project is where you
15 look at the best bit only and try and put a
16 development forward for that.

17 Q Is it fair to say that Angola was a
18 creaming project?

19 MR. TUTTLE: Objection to form.

20 THE WITNESS: It depends on how you want
21 to define it. I mean personally I didn't think of
22 it in terms of a creaming project, but basically
23 as what bits of the fields were technically mature
24 and was there a slimmed-down development feasible
25 that could develop those reserves economically.

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1 REMCO AALBERS, November 7, 2006

2 We didn't necessarily use the word "creaming
3 project" at that point.

4 BY MR. HABER:

5 Q Was there a point subsequent where you
6 referred to it as a creaming project?

7 A I've never referred to it as a creaming
8 project. Some people call it a creaming project.
9 I know the definition, but I've never really used
10 it.

11 Q Who do you understand referred to this
12 project as a creaming project?

13 A I can't remember who I heard the term
14 from.

15 Q Did you have any discussions with KPMG
16 concerning the booking of reserves in Angola?

17 A Yes, we did.

18 Q And when did you have those discussions?

19 A Those discussions would have been in
20 January 2001 as part of the 2000 booking process,
21 ARPR cycle.

22 Q And generally do you recall the
23 substance of those discussions?

24 A Yes. Anton wrote basically an audit
25 note on the Angola booking in which he said that

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1 REMCO AALBERS, November 7, 2006
2 these reserves were marginally supportable, and we
3 had a discussion on whether or not on a marginal
4 basis it was the right thing to book or not.

5 Q And what was the conclusion?

6 A Well, the end conclusion was that the
7 reserves were booked and ultimately supported.

8 Q Did anyone during that meeting express a
9 contrary view; that is, the reserves should not
10 have been booked?

11 A To my recollection, the discussion was
12 of whether or not, based on an advice that it was
13 marginally supportable, it was the right
14 management decision to actually put the reserves
15 forward, or actually it was -- the other option
16 would have been to say, well, in that case, let's
17 wait a year. That was not the choice that SDAN
18 made. They booked reserves on that basis, and on
19 that basis they went ultimately went into the
20 Shell books supported by the region.

21 Q But with regard to the discussions with
22 KPMG, do you recall anyone during those
23 discussions expressing the contrary view, that the
24 reserves should not have been booked?

25 A Well, like I think I explained

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1 REMCO AALBERS, November 7, 2006
2 yesterday, the process was normally that we would
3 have the discussions first with KPMG, with Egbert
4 Eeftink, and we basically resolved that that --
5 this was the position based on the marginal
6 support of you could obviously support it,
7 although it would have been very much on the
8 borderline, but just on the right side of the
9 borderline, but not far off. And that was

10 ultimately accepted, and that same discussion in
11 some sort of form was at the final meeting, but
12 then there was no further issue raised on it,
13 because it was basically already agreed that that
14 was the position moving forward.

15 Q Was there a view within the meeting that
16 ostensibly your hands were tied, because the
17 decision was made and there was nothing that could
18 be done about it?

19 MR. TUTTLE: Object to form.

20 MR. MORSE: Objection to form. Lack of
21 foundation.

22 (Discussion was held off the record.)

23 BY MR. HABER:

24 Q Was there a view within the meeting that
25 ostensibly your hands were tied, because the

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1 REMCO AALBERS, November 7, 2006
2 decision was made and there was nothing that could
3 be done about it?

4 A My hands were tied?

5 MR. TUTTLE: Same objection.

6 BY MR. HABER:

7 Q Yours as the GRC.

8 A No, I don't think there was discussion
9 that my hands were tied. We had gone out to SDS
10 to look at the technical work. We had challenged
11 it from an original intent by Shell Angola that
12 they were trying to push forward a booking of six
13 fields, and only two fields and only the high
14 confidence areas were booked, so obviously we had
15 the major impact on reducing the booking to a much
16 smaller, fairly insignificant booking in the end.

17 Q During these discussions was there any
18 discussion, at least -- withdrawn. During the
19 discussions with KPMG, was there any discussions
20 about what BP had done with regard to booking
21 reserves in Angola?

22 A I don't recall, but it was clear BP was
23 not booking reserves at that point in time.

24 Q Do you know when BP booked reserves in
25 that block?

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1 REMCO AALBERS, November 7, 2006

2 A I believe they took FID about two years
3 later is my recollection, and I believe that's
4 when they booked the reserves.

5 Q Other than in the context of the meeting
6 with KPMG, do you recall any discussions with
7 people in SDAN concerning what BP was doing
8 vis-a-vis booking reserves?

9 MR. TUTTLE: Object to the form.

10 THE WITNESS: Again as part of the
11 discussions, BP, for whatever reason, weren't in a
12 hurry to come to an FID by year-end or provide
13 sufficient work that had triggered off the whole
14 thing.

15 THE REPORTER: You need to slow down.

16 THE WITNESS: As part of the discussions
17 with SDAN moving to sort of the discussions
18 through year-end, it was clear that BP was not in
19 a hurry to book reserves by year-end or provide
20 sufficient technical work to support a reserves
21 booking, which basically left SDAN in the position
22 that they had to make sure they did that technical
23 work themselves. They had to go to SDS to get the
24 work done, because they obviously weren't staffed
25 to do that work.

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1 REMCO AALBERS, November 7, 2006

2 BY MR. HABER:

3 Q Do you know if the reserves that were
4 booked in the end of 2000 in Angola were
5 recategorized as part of the recategorization that
6 was announced in January of 2004?

7 A Part of the recategorization was that
8 all fields were realigned with the FID, so these
9 would have been realigned.

10 Q Mr. Aalbers, during your tenure as GRC,
11 do you recall any issues being raised with regard
12 to the Kashagan field in Kazakhstan?

13 A I don't know if it were an issue, but
14 there have been discussions on the Kashagan field,
15 yes.

16 Q What was the substance of those
17 discussions?

18 A After discovery of the Kashagan field
19 which was an extremely large oil field discovered
20 in Kazakhstan, there was discussions on whether or
21 not reserves could be booked for that field in the
22 year of the appraisal well, I believe.

23 Q Now, what year was the discovery?

24 A I don't recall. I think it was '99, but
25 I'm not a hundred percent sure.

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1 REMCO AALBERS, November 7, 2006

2 Q Did you have discussions with anyone at
3 Shell concerning the issue you just identified;
4 that is, whether to book reserves in the year of
5 the appraisal?

6 A Yes, I got approached by the Business
7 Advisor for Kashagan who had been requested to see
8 if reserves could be booked, and he was very
9 concerned about that. We went through all the
10 details and we arranged a meeting with Din Megat,
11 who was the Regional Business Director at that
12 time responsible for the area under which Kashagan
13 fell.

14 Q Who was the RBA?

15 A Mr. Brown.

16 Q I think you identified him as someone
17 yesterday. Do you recall --

18 A No, that was a different Mr. Brown.
19 That was David Brown. I think it was John Brown,
20 but I want to reserve the right that that might
21 not exactly be his first name.

22 Q That's fine. So do you recall having
23 discussions with Mr. Brown in particular on the
24 issue of whether the OU, the Kazakhstan OU could
25 book reserves in the year in which the appraisal

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1 REMCO AALBERS, November 7, 2006
2 was done?

3 A Yes.

4 Q And what was the sum and substance of
5 those discussions?

6 A I explained to Mr. Brown what was
7 required to book reserves, so you had to meet the
8 technical commercial maturity, and from the

9 discussions I had with him, it was very clear that
10 neither of those criteria were likely to be
11 achieved in that year, not at least at the moment.
12 At that point in time nobody had yet thought up a
13 Field Development Plan which looked anywhere near
14 economic.

15 Q In terms of the process, does a Field
16 Development Plan come before or after the drilling
17 of appraisal wells?

18 A The Field Development Plan is actually
19 the plan you make when you want to move forward to
20 develop the fields, and the normal sequence of
21 sort of discovering and developing in a
22 hydrocarbon field is you would initially do
23 seismic, come up with a seismic evaluation of a
24 prospect. You would then drill an exploration
25 well. Depending on the outcome, you might end up

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1 REMCO AALBERS, November 7, 2006
2 drilling one or more appraisal wells until you
3 felt you had sufficient data to actually put a
4 Field Development Plan together, to then move
5 forward into actually taking a decision and
6 developing the fields. And then obviously,
7 through the life of the field you might decide to
8 do additional development if the field turns out
9 to be bigger or whatever.

10 Q So in terms of technical work, the
11 appraisal well is again early in the process of
12 reaching technical maturity?

13 MR. TUTTLE: Objection; form,
14 foundation.

15 THE WITNESS: Yes, it would be, but you
16 could also, as part of the Field Development Plan,
17 get to the conclusion that you have missing data
18 and decide that you need to do an additional
19 appraisal well before you can actually move
20 forward.

21 BY MR. HABER:

22 Q Now, did you have any discussions with
23 Mr. Megat concerning this issue of whether or not
24 reserves could be booked?

25 A Yes, like I said, we lined a meeting up

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1 REMCO AALBERS, November 7, 2006
2 with Mr. Din Megat to explain the exact position
3 on Kashagan.

4 Q And do you recall when the meeting took
5 place?

6 A No, I can't remember the date. Like I
7 said, I think it was in '99, but I honestly don't
8 remember what the date was.

9 Q Do you recall where the meeting was?

10 A The meeting was in The Hague.

11 Q Is that where Mr. Megat was located?

12 A Yes, he was.

13 Q Do you recall Mr. Megat expressing a
14 view about whether the reserves should be booked
15 or not?

16 A At the end of the meeting Mr. Megat
17 agreed that booking reserves that particular year
18 was not going to be achievable.

19 Q Do you recall Mr. Megat expressing the
20 view that he was experiencing pressure to book the
21 reserves?

22 MR. TUTTLE: Objection; foundation.

23 THE WITNESS: I don't believe Mr. Megat
24 expressed that to me directly.

25

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1 REMCO AALBERS, November 7, 2006

2 BY MR. HABER:

3 Q How about indirectly?

4 A He didn't indirectly indicate it to me
5 either. I'll get you to the next question. It
6 was clear from the discussion with Mr. Brown that
7 there was pressure being exerted to try and book
8 something in Kashagan.

9 Q And why was it clear?

10 A Because that's what he said.

11 Q And who did he say was exerting the
12 pressure?

13 A The indication I got was that Phil Watts
14 was very interested in booking reserves in
15 Kashagan.

16 Q Did Mr. Brown convey any reason why

17 Mr. Watts was exerting the pressure?

18 MR. MORSE: Objection to form.

19 MR. TUTTLE: Same objection.

20 BY MR. HABER:

21 Q You can answer.

22 A Reserves were important. It was trying
23 to get to Reserves Replacement Ratio that was
24 sufficiently close to the targets of a hundred
25 that was what we wanted to have as a group or any

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1 REMCO AALBERS, November 7, 2006
2 oil major would have.

3 Q How large were -- strike that. What was
4 the volume that was being sought for the booking?

5 MR. TUTTLE: Objection to form.

6 MR. MORSE: Objection to form and
7 foundation.

8 THE WITNESS: I can't remember what the
9 number was, but the Kashagan field was very large,
10 and part of the discussion which, when this thing
11 started, wasn't clear to either Din Megat or to
12 Mr. Brown, was what element of the reserves we
13 could actually book, because we had a certain
14 share in the field, but again this was one of
15 those production sharing type contracts where
16 there was other steps to be taken to actually work
17 out what the Shell share was, so part of the whole
18 discussion was how much would you actually
19 eventually end up booking depending on all sorts
20 of things, but I can't remember what the number
21 was. It was a fairly sizable number.

22 BY MR. HABER:

23 Q Do you recall, in terms of number, if it
24 was more than 300 million Boe? I'm just trying to
25 refresh your recollection. That's all.

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1 REMCO AALBERS, November 7, 2006

2 A I think it would have been more than
3 300, yes.

4 Q You think it would have been more than
5 400?

6 A I don't know what the number was. I
7 think it's more than 300, and I don't know any

8 better at this point.

9 MR. HABER: Okay. Why don't we take a
10 break.

11 THE VIDEOGRAPHER: We are going off the
12 record. The time is 2:34 p.m.

13 (Whereupon, a short recess was taken.)

14 THE VIDEOGRAPHER: We're back on the
15 record. The time is 2:51 p.m.

16 BY MR. HABER:

17 Q Mr. Aalbers, during your tenure at GRC
18 do you recall any issues coming to your attention
19 concerning reserves in Oman?

20 A Yes, we've had discussions on Oman
21 reserves.

22 Q And when were these discussions?

23 A There have been discussions Oman on
24 reserves issues largely through '99 and 2000.

25 Q And who did you have these discussions

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1 REMCO AALBERS, November 7, 2006
2 with?

3 A There were different people involved.
4 The Regional Business Advisor was involved and the
5 Reserves Focal Point in Oman and some of the
6 senior Shell staff in Oman.

7 Q Who was the Reserves Focal Point?

8 A Sayed -- what was the last name? Aubrey
9 or something. Sayed Aubrey, I think.

10 Q I'd like to say I'd like to help you
11 out, but only "Sayed" comes to mind.

12 Who was the RBA at the time?

13 A I believe it's a guy called John
14 Cookson.

15 Q Do you know who Thomas Mason is?

16 A Yes.

17 Q Who is Thomas Mason?

18 A Thomas Mason is one of the senior
19 reservoir engineers in Oman.

20 I also had discussions with a gentleman
21 called Vince Holtam.

22 Q Who was Vince Holtam?

23 A Vince Holtam was -- I'm not sure what
24 his exact position was, but he was one of the

25 senior Shell staff reservoir engineers in Oman,

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1 REMCO AALBERS, November 7, 2006

2 but he actually left fairly shortly thereafter.

3 Initial discussions when I went for a visit to

4 Oman were with Vince, and the actual visit was

5 with Thomas Mason at the time.

6 Q And you said that you had discussions

7 with these people. Before I get into the

8 specifics with each, generally what do you recall

9 the sum and substance of the discussions?

10 A There were a whole bunch of issues with

11 reserves reporting Oman. Applying the right way

12 of cutting the reserves to end of license; proper

13 deporting of expectation reserves, of scope of

14 recovery reserves; the right way of reporting --

15 reporting the correct proved reserves numbers.

16 There were a whole bunch of issues with Oman in

17 terms of reserves reporting.

18 Q Now, when you say "the right way of

19 cutting the reserves to end of license," what did

20 you mean?

21 A They weren't applying the right sort of

22 forecast for proved developed and then for totally

23 proved and then determining where the license

24 cutoffs were, and that was one of the things that

25 Anton sort of identified in one of his audits, but

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1 REMCO AALBERS, November 7, 2006

2 that was already clear from some of the prior

3 submissions, that they just weren't doing that

4 properly.

5 Q Now, you said that you had discussions

6 with Mr. Holtam and Mr. Mason; later Mr. Mason,

7 first Mr. Holtam. Do you recall the sum and

8 substance of your discussions with Mr. Holtam?

9 A The base problem with reporting reserves

10 in Oman was that PDO is not a Shell Company. It's

11 actually an Omani company. And from that

12 perspective, reporting reserves to Shell in line

13 with Shell guidelines wasn't sort of their top

14 priority where they could actually spend a lot of

15 manpower on it, so the constraint was really

16 getting sufficient attention on the reserves
17 reporting to make sure that they could actually
18 report the numbers that they had to report to the
19 Group in part of the ARPR process.

20 Q And what discussions did you have with
21 Mr. Mason?

22 A Basically we had a similar discussion
23 with Mr. Mason, and what we agreed was that
24 between Vince and Mr. Mason that I would actually
25 come out to Oman for a visit and we would go

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1 REMCO AALBERS, November 7, 2006
2 through all the issues and try and see how we
3 could best come to practical solutions to sort of
4 upgrade the reserves reporting for Oman and get it
5 more in line with what the Group requirements
6 were, without causing an enormous amount of work
7 that just wasn't going to be done in PDO.

8 Q And why do you say that, that the work
9 wasn't going to be done?

10 A We couldn't impose on PDO certain things
11 to be done, because they were just not on their
12 priority list.

13 Q Was there a difference in the way PDO
14 was reporting reserves from the way Shell wanted
15 reserves to be reported?

16 MR. TUTTLE: Object to the form.

17 THE WITNESS: The problem was that PDO
18 was interested in expectation reserves. That's
19 where the focus for reserves and reporting
20 reserves internally Oman to the government was.
21 Proved reserves really didn't feature for them.
22 They were not that interested in the proved
23 reserves side.

24 BY MR. HABER:

25 Q During your tenure did there come a time

0441

1 REMCO AALBERS, November 7, 2006
2 when the Omani government did become interested in
3 reporting proved reserves?

4 A No.

5 Q Were there efforts that you were
6 involved in to resolve the differences between the

7 Omani government and the reporting of proved

8 reserves that Shell was required to do?

9 MR. TUTTLE: Objection; foundation.

10 MR. MORSE: Objection; form.

11 THE WITNESS: No.

12 BY MR. HABER:

13 Q Do you recall any -- withdrawn. How
14 frequently did reserves get reported to the Omani
15 government?

16 A I believe reserves were reported
17 annually to the Omani government, but actually
18 updates to the reserves, which required a process
19 of -- I'm not sure what they exactly submitted,
20 whether or not you call it a Field Development
21 Plan or a Reserves Note or something, and
22 generally was less frequent. I seem to recall
23 that at best that would be sort of once in only
24 four years and then only if there actually were
25 changes.

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2 MR. TUTTLE: In the cacophony of
3 objections, I don't think Mr. Weed's objection to
4 form made it into the record, so . . .

5 MR. HABER: Perhaps the cacophony on the
6 written report, but a chorus on the video.

7 BY MR. HABER:

8 Q Did the changes to the Shell Guidelines
9 in 1998 have any impact in the way in which PDO
10 reported its reserves to Shell?

11 A Yes, it did. They did move from proved
12 develops to the expectation of develops to be
13 equal, but they didn't really adjust their
14 undeveloped reserves accordingly.

15 Q And in terms of numbers that PDO was
16 reporting, how did that impact, that being the
17 change in the Guidelines?

18 A Sorry?

19 Q Numerically did it increase the reserves
20 that they reported?

21 A No, it didn't.

22 Q Did anyone ever express to you a sense
23 that, with regard to PDO, Shell did not have any

24 control over the reserves data that was coming out
25 of PDO?

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1 REMCO AALBERS, November 7, 2006

2 MR. TUTTLE: Objection; foundation,
3 form.

4 THE WITNESS: Shell wasn't in control
5 directly in sort of dealing with the reserves
6 numbers with the government. PDO did that. The
7 discussion we had was that based on those
8 discussions with the government and the reserves
9 that were down expectation, we required the Shell
10 staff PDO to come up with their best estimates of
11 Shell compliant EA SEC compliant reserves that the
12 Group could use for their reporting.

13 BY MR. HABER:

14 Q Again when you say "we," who are you
15 referring to?

16 A The discussions were between myself and
17 Vince Holtam and later with Mr. Thomas Mason.

18 Q With regard to the issues that you've
19 just testified to, did you have discussions with
20 your bosses about them?

21 A Yes.

22 Q And first taking Mr. McKay, do you
23 recall having discussions with him on these
24 issues?

25 A Yes.

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2 Q And do you recall the sum and substance
3 of those discussions?

4 A One of the things that I think it was --
5 this is 2000 -- so I think at the start of 2000
6 one of the things that Aidan tasked me with was to
7 see where I could still further improve the
8 reserves reporting process and which companies
9 there were issues with. I had already identified
10 Oman, so he very much encouraged me to sort of try
11 and improve the reserves reporting Oman. I had
12 been trying to improve the process throughout my
13 tenure as Group Reserves Coordinator. We had all
14 sort of problems in Angola, and this was one of

15 the outstanding ones where -- there was just quite
16 a few issues with Oman, and we really wanted to
17 try and get Oman to the next level of complying
18 with reserves reporting.

19 Q And what did you do in that regard,
20 trying to improve the process?

21 A Ultimately there was a visit to Oman
22 where we basically went through all the individual
23 reporting issues that were there and showed some
24 of the work that I had done on looking at
25 converted numbers in their submission, which

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1 REMCO AALBERS, November 7, 2006
2 fields. We went through all those type of
3 elements; and also looked at some of the
4 recommendations that had come out of Anton's audit
5 from the year before, trying to address all the
6 issues that he had given to try and make sure that
7 whenever Anton came back, all these issues would
8 have been addressed and would not be issue
9 anymore.

10 Q And do you recall specific changes that
11 were made as a result of your visit?

12 A The biggest problem in Oman was that
13 because the reserves reporting was very much
14 linked to the expectation numbers that were agreed
15 on certain fields with the government, and they
16 weren't keeping track on the proved so much, in a
17 number of fields they had very low proved, where
18 they just only had sort of suspected production
19 and never actually updated the proved with the
20 incremental knowledge of the field, so quite a few
21 fields had relatively very low proved reserves
22 compared to the expectations that they still
23 carried. So we agreed that they would actually
24 have a look at all those fields and come up with
25 an update on their proved estimates on behalf of

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1 REMCO AALBERS, November 7, 2006
2 PDO for basically the Shell reporting.

3 Q And was this result supported by
4 Mr. McKay?

5 A Yes, it was.

6 Q Were there any other changes that came
7 out of your visit to Oman?

8 A The other issue that we tried to resolve
9 as part of the visit was to try and come up with a
10 proved forecast related to the Oman Business Plan
11 forecast, which was only going to be an
12 expectation forecast, and they basically weren't
13 going to be able to do the work to do proved
14 forecasts for all the individual fields.

15 Q And again was this result supported by
16 Mr. McKay?

17 A Yes, that was supported by Mr. McKay.

18 Q Do you recall having any discussions
19 about the issues that you've just testified to in
20 Oman with Mr. Platenkamp?

21 A No, I don't believe I had any
22 discussions with Mr. Platenkamp. I think actually
23 in that year Mr. Platenkamp left the job, and his
24 position was taken over by Mr. John Bell.

25 Q Do you recall having discussions with
0447

1 REMCO AALBERS, November 7, 2006
2 Mr. Bell about these issues?

3 A No, I don't, but I, I think he would
4 have been copied on certain e-mails that to make
5 sure he was aware of the issues. A discussion, I
6 mean sort of a discussion rather than something on
7 an e-mail.

8 Q Now, do you recall any discussion
9 concerning production in Oman?

10 A Yes, because one of the issues obviously
11 was how would you determine what element of proved
12 reserves was produced within the license expiry
13 Oman. I believe it was 2014. So the production
14 forecast was obviously one of the elements that
15 were required to determine that.

16 Q And did it come to your attention that
17 there were problems in Oman with regard to
18 production?

19 MR. WEED: Objection.

20 MR. TUTTLE: Same objection.

21 THE WITNESS: Can you specify the time
22 frame.

23 BY MR. HABER:

24 Q Again we're talking year-end 2000 or so.

25 A Year-end 2000 there were no indications

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1 REMCO AALBERS, November 7, 2006

2 there was problems with Oman production.

3 Q How about prior to year-end 2000?

4 A No. Prior to year-end 2000 there were

5 also no problems with the production forecast.

6 Q Other than in the year 2000 are you

7 aware of any time frame where there were problems

8 with the production forecast in Oman?

9 A I believe by the end of 2001 there were

10 minor indications that they had trouble keeping to

11 that plateau level. Certainly during 2002 Oman

12 were having problems to meet their targets, and I

13 believe even today they're having trouble with

14 their targets.

15 Q Do you know if -- withdrawn. A moment

16 ago we mentioned license, the end of a license

17 period. Was there an issue with regard to license

18 expiry in Oman?

19 A I believe I just said that their license

20 ran I believe to 2014.

21 Q I guess what I'm -- I'm sorry. It was

22 my error, not being clear. Were there concerns

23 about renewal of the license in Oman?

24 A It was, it was certainly clear that

25 there was no automatic renewal in Oman.

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2 Q Do you know what efforts were undertaken

3 to get the extension of the license?

4 A In the time frame we're talking, which

5 is in 2000, the license was too far away to sort

6 of, well, basically negotiate extension. It was

7 still 14 years away.

8 Q Did there come a time after 2000 that

9 you are aware of where efforts were made to

10 negotiate an extension of the license?

11 A No. To my knowledge, that hasn't

12 happened yet, but I haven't kept track of what's

13 happened lately.

14 Q And do you know, as a result of the work
15 in Project Rockford, if any reserves were
16 recategorized?

17 A Yes, there were.

18 Q And again I'm talking about Oman.

19 A Yes.

20 (Discussion was held off the record.)

21 BY MR. HABER:

22 Q Do you recall how many barrels were
23 recategorized?

24 A No, I don't.

25 Q If I throw out a number to try to

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1 REMCO AALBERS, November 7, 2006
2 refresh your recollection, more than 300 million
3 Boe?

4 A I honestly don't know what the number
5 is.

6 Q Now, with regard to the issues that we
7 just discussed in Oman, do you know if these
8 issues were presented to the ExCom?

9 MR. TUTTLE: Objection to form.

10 THE WITNESS: The issues arose after I
11 left SGIC, so I don't know to what level they were
12 elevated at the time, but I would assume they had
13 contacts.

14 (Exhibit No. 15 was marked for
15 identification and attached to the deposition
16 transcript.)

17 BY MR. HABER:

18 Q For the record, we've marked as Aalbers
19 Exhibit 15 an e-mail with an attachment. The
20 e-mail is from Aidan McKay to Roelof Platenkamp,
21 and the subject line reads, "Forward:
22 Roelof_Career_Ender.ppt," which I believe is Power
23 Point, "26 June 2000 ExCom presentation -- State
24 of the Portfolio." The attachment appears to be
25 the slide presentation that's referred here. The

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2 Bates range is V00120307 through V00120369. There
3 is also another Bates range, and that is DB07471
4 through DB07533.

5 Mr. Aalbers, other than the e-mail, have

6 you seen the slide presentation that is attached

7 to the e-mail?

8 A Yes, I have.

9 Q Though your name does not appear on the

10 e-mail, have you seen this e-mail before?

11 A I mean I've certainly seen the

12 presentation. I don't know if I've seen this

13 e-mail. I think at some point Aidan forwarded the

14 same presentation to me. Whether or not the

15 e-mail was there as part of that, I cannot

16 remember.

17 Q Are you aware that this presentation was

18 referred to as "The Career Ender"?

19 A Yes, I was.

20 Q And what is your understanding of the

21 reason why it was called "The Career Ender"?

22 A Basically because as part of the

23 recategorization process, Roelof was very unhappy.

24 Actually we were all very unhappy because of some

25 of the promises that were made as part of the

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2 business planning process. This presentation was

3 meant to show that to ExCom and basically try and

4 say we need you to shake up the company and get

5 people to come out with realistic promises, and

6 that was felt to be a brave step to take to put

7 that into ExCom, which is why this was internally

8 something that was referred to as "Roelof's Career

9 Ender," and Aidan saved it as such and later

10 forwarded it to me from that basis. I believe

11 Roelof wanted the presentation back because he

12 didn't have a copy at that point.

13 Q Now, did you prepare this slide

14 presentation?

15 A No. Aidan prepared that, but a number

16 of the people within the Capital Allocation Team

17 provided input. I believe there are a couple of

18 slides or at least one or two on reserves which I

19 did prepare; for instance, the one on exploration

20 discoveries, which is on Page 120318. I don't

21 know if there were any other reserves slides in

22 here. I might have held out with getting a couple
23 of the other slides put together, but I don't
24 recall. That was more from an editing perspective
25 than actually providing the data.

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2 Q Do you know who made the presentation to
3 the ExCom?

4 A Roelof did, Platenkamp.

5 Q When he, after -- withdrawn. After the
6 meeting, did Mr. Platenkamp come back and discuss
7 what had transpired at the meeting?

8 A I believe he discussed it with Aidan.
9 We didn't go for the option -- well, ExCom didn't
10 go for the option that originally was suggested.
11 I can't remember if I've seen it here, but the
12 intent was to send everybody back and ask them to
13 update their data, but we actually went ahead and
14 went forward based on the data that was already
15 submitted.

16 Q As a general matter, did Mr. Platenkamp
17 say that the message that was intended, to make
18 realistic promises, was not well received by the
19 ExCom?

20 MR. TUTTLE: Objection; foundation.

21 THE WITNESS: I don't recall how his
22 feedback was actually portrayed. My recollection
23 is that it certainly got ExCom's attention, but
24 they didn't feel that we could afford the time to
25 stop the process, because it was then in danger of

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1 REMCO AALBERS, November 7, 2006

2 sort of not getting a Business Plan together in
3 time.

4 BY MR. HABER:

5 Q Do you know if there were any
6 consequences that were attached to the
7 presentation that Mr. Platenkamp had made?

8 MR. TUTTLE: Objection to form.

9 BY MR. HABER:

10 Q That is, with regard to his career?

11 MR. TUTTLE: Same objection.

12 THE WITNESS: Not to my knowledge.

13 BY MR. HABER:

14 Q Mr. Aalbers, we've been talking a little
15 bit about, throughout yesterday and today, Project
16 Rockford. Did you have any role in Project
17 Rockford?

18 A When the problems around Project
19 Rockford arose, I was asked for a meeting in
20 Rijswijk to explain sort of what had happened
21 basically through my part as Group Reserves
22 Coordinator. Later on, after it was made public
23 to the, by the Group that there was an issue with
24 reserves and we went through the restating
25 process, I was asked to come back and help out
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1 REMCO AALBERS, November 7, 2006
2 with the restatement, because I was one of the few
3 people that actually had sufficient knowledge and
4 could help out, trying to get through the enormous
5 amount of work that needed to be done.

6 Q When were you asked to help out on
7 Project Rockford?

8 A That has been in the early part of 2004,
9 so after the press release. I believe the press
10 release was in January, and the restatement
11 process went out through the large part of 2004.

12 Q Now, I think in the early part of your
13 answer you indicated that you were asked to attend
14 a meeting in Rijswijk. Did that occur before the
15 announcement in January?

16 A Yes, that was end of 2003 or very early
17 in 2004. Well, around year-end 2003.

18 Q And who asked you to attend that
19 meeting?

20 A I believe that was John Bell.

21 Q Did Mr. Bell tell you who else was
22 invited to that meeting before you actually got
23 there?

24 A I don't recall.

25 Q Do you recall who attended this meeting?
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1 REMCO AALBERS, November 7, 2006

2 A I believe it was Frank Coopman, and who
3 else was there? I don't believe John was at the

4 meeting itself. Frank was there, and there was
5 one other person. It's just slipped me for the
6 moment. Let me think about it.

7 Q Do you know if it was John Darley?

8 A I think it was John, yeah.

9 Q Do you recall the sum and substance of
10 what was discussed during the meeting?

11 A I think we went over a number of the
12 reserves bookings and history on some of the
13 things that we've been covering today as well.

14 Q Were you given any materials to review
15 in preparation for the meeting?

16 A No, I don't think I did.

17 Q After the meeting were you given any
18 materials to review?

19 A No, I don't think I had any materials
20 afterwards either. I think we went through some
21 of these ExCom notes that we've had on the table
22 today.

23 Q What was the reason why you went through
24 some of the ExCom notes?

25 A I think that at the time they were

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1 REMCO AALBERS, November 7, 2006
2 trying to determine what the history of some of
3 the reserves bookings were and what issues were
4 out there, I guess.

5 Q Do you recall anything else about the
6 meeting, what was discussed?

7 A As far as I recall, the discussion was
8 whether or not that was an issue that the Group
9 needed to be dealing with and what the consequence
10 of that could be.

11 Q When you say "whether or not that was an
12 issue that the Group needed to be dealing with,"
13 what issue were you referring to?

14 A To make a correction to some of the
15 reserves bookings.

16 Q So at the time you were at the meeting
17 you were advised that that was an issue that the
18 Group was considering?

19 A Yes.

20 Q At the time of the meeting had they told

21 you that a decision was made with regard to
22 whether the Group was going to make the
23 recategorization?

24 A I believe the decision hadn't been made
25 at that point.

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1 REMCO AALBERS, November 7, 2006

2 Q Do you recall if Mr. Van de Vijver
3 attended this meeting at all?

4 A He wasn't there.

5 Q Do you recall if Mr. Watts attended this
6 meeting at all?

7 A He wasn't there.

8 Q Do you recall how long the meeting
9 lasted?

10 A I believe a couple of hours, but I don't
11 know exactly.

12 Q Now, I think the other -- earlier in
13 your testimony about Project Rockford you said
14 that you subsequently were asked to be involved in
15 the process. What did you do in that regard?

16 A Basically I helped out with all the
17 Operating Unit resubmissions, getting those into
18 the systems, checking that the data was correct,
19 like I had done when I was the Group Reserves
20 Coordinator; chasing clarifications, chasing OUs
21 where things that they sent in didn't seem right
22 and trying to get to the right answer, all those
23 type of things.

24 Q Was there anything else that you can
25 think of that you were asked to help out on?

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2 A Well, I specifically spent a lot of time
3 dealing with standardized measure, because that
4 was something where very few people had any
5 knowledge on. Those type of things.

6 Q Do you know if there were any meetings
7 with the SEC after the announcement? And the
8 announcement, I mean the January 9th announcement.

9 A No, I don't know if there were
10 immediately thereafter. There were meetings with
11 SEC.

12 Q Did you participate in any meetings with
13 the SEC in connection with Project Rockford?

14 A I didn't participate as part of Project
15 Rockford. I was interviewed by the SEC at a later
16 stage as part of the investigation of the Group.

17 Q My question was directed, though, not in
18 terms of the investigation, but in terms of the
19 work on Project Rockford.

20 A No.

21 Q Okay. Were you surprised by the
22 recategorization announcement?

23 MR. TUTTLE: Object to the form.

24 BY MR. HABER:

25 Q I'll rephrase. What was your reaction

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1 REMCO AALBERS, November 7, 2006
2 to the recategorization announcement?

3 A Shocked.

4 Q And why is that?

5 A Well, I mean I've always been proud of
6 working for Shell, and getting Shell in such a
7 negative light in the press wasn't something that
8 any of us at Shell liked.

9 MR. HABER: I am told we have five
10 minutes left on the tape, so this is probably a
11 good time for me to check and see where we are.
12 If we could take like five minutes. I'll have a
13 good handle on where we are.

14 THE VIDEOGRAPHER: This marks the end of
15 Tape 2, Volume II, in the deposition of
16 Mr. Aalbers. We are going off the record. The
17 time is 3:27 p.m.

18 (Whereupon, a short recess was taken.)

19 THE VIDEOGRAPHER: This marks the
20 beginning of Tape 3, Volume II, in the deposition
21 of Mr. Aalbers. We are back on the record. The
22 time is 3:33 p.m.

23 BY MR. HABER:

24 Q Mr. Aalbers, have you ever heard of a
25 project by the name of project HUGIS?

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2 A Project?

3 Q HUGIS.

4 A No.

5 MR. HABER: I have nothing further,
6 although I understand other people may be wanting
7 to ask other questions, so subject to that
8 reservation. I got nothing further.

9 THE WITNESS: Thank you very much.

10 MR. HABER: Thank you very much,
11 Mr. Aalbers.

12 CROSS-EXAMINATION

13 BY MR. DAVIS:

14 Q Mr. Aalbers, my name is Sid Davis. My
15 firm represents KPMG, N.V. in this action.
16 Hopefully I have only a few questions, and we
17 should be out of here in five or ten minutes.

18 MR. DAVIS: I'm going to -- if it's
19 acceptable, I'm going to ask that a document be
20 marked Aalbers Exhibit 16, or do you all have some
21 different protocol?

22 MR. HABER: No, that's fine.

23 (Exhibit No. 16 was marked for
24 identification and attached to the deposition
25 transcript.)

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2 BY MR. DAVIS:

3 Q While the copies are being handed out
4 I'll describe the document. It's Bates number
5 KNV0006685 through 6687. It's dated September 11,
6 1998. It's addressed to Mr. Van Dorp and is
7 purportedly written by Egbert Eeftink.

8 Mr. Aalbers, I'll give you a second to
9 read it, but my question to you is -- yesterday
10 you spoke about a letter from KPMG, N.V. that -- I
11 think your words were "formally responded to" the
12 review of the revisions to the Reserve Guidelines
13 for 1998, so my question is: Is Exhibit 16 the
14 response that you had in mind?

15 A Yes, it is.

16 Q Okay. The response purports to document
17 a meeting. If you look at the last sentence of
18 the first paragraph on Page 1.

19 A Yes.

20 Q Were you at a meeting in which Mr. Van
21 Dorp and Mr. Eeftink were present and discussed
22 the subjects that are taken up in this letter?

23 A No, I was not.

24 Q Okay. Were you made aware at some point
25 that such a meeting had happened and a letter had
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2 been written?

3 A I was aware that the meeting had
4 happened, and I had seen the letter, dealt with
5 the letter before.

6 Q If you'll turn to the second page,
7 around a third of the way down there Eeftink
8 purports to describe observations that he had made
9 at the meeting. Do you see that? It starts,
10 "With regard to the proposed updated and improved
11 approach to reserves estimates, I have made the
12 following observations."

13 A Yeah, I've got that.

14 Q Did you understand by the first bullet
15 relating to the External Auditors not being in a
16 position to approve or disapprove, that
17 Mr. Eeftink was saying that neither KPMG nor PwC
18 were in a position to approve or disapprove the
19 Guidelines as SEC-compliant?

20 A I see the statement.

21 Q Okay. In the next sentence there's a
22 reference to if approval by the auditors is
23 needed, "this would probably be within the remit
24 of the Group Reserves Auditor." Did you
25 understand Mr. Eeftink to be referring to
0464

1 REMCO AALBERS, November 7, 2006
2 Mr. Barendregt or his predecessor?

3 A That's what it says, yes.

4 Q Do you know if, in fact, the 1998
5 Reserves Revised Guidelines were provided to
6 either Mr. Barendregt or his predecessor for
7 review before they were finalized and distributed?

8 A They were certainly not provided to his
9 predecessor, because he had retired. This would
10 have been the time Anton had just come in. I

11 don't believe he was formally asked for an
12 approval of the Guidelines.

13 Q Okay. Hopefully I only have a couple
14 more questions.

15 You gave some testimony yesterday
16 regarding the employment and compensation of
17 Mr. Barendregt as the Group Reserves Auditor. Do
18 you recall talking about that?

19 A Yes, as far as of my understanding of
20 what that was, correct.

21 Q Would you agree that in the period 1998
22 through 2001 or '2, whenever you were in the Group
23 Reserves Coordinator position, that there were
24 other people at Shell and others at KPMG who had a
25 superior knowledge of Mr. Barendregt's employment?

0465

1 REMCO AALBERS, November 7, 2006

2 MR. HABER: Objection to form.

3 You can answer.

4 THE WITNESS: The contacts handling --
5 it was not done by me but by others.

6 MR. DAVIS: Okay. I have no further
7 questions.

8 MR. HABER: I have nothing further.
9 Thank you again, Mr. Aalbers. We very much
10 appreciate you coming over here to answer these
11 two days of questions.

12 THE VIDEOGRAPHER: This marks the end of
13 the deposition of Mr. Aalbers. The total number
14 of tapes used today is three. We are going off
15 the record. The time is 3:40 p.m.

16 (Signature having not been waived, the
17 videotaped deposition of REMCO AALBERS was
18 concluded at 3:40 p.m.)

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0466

1 REMCO AALBERS, November 7, 2006

ACKNOWLEDGEMENT OF WITNESS

I, REMCO AALBERS, do hereby acknowledge that I have read and examined the foregoing testimony, and the same is a true, correct and complete transcription of the testimony given by me, and any corrections appear on the attached Errata sheet signed by me.

(DATE) (SIGNATURE)

REMCO AALBERS, November 7, 2006

ERRATA SHEET

IN RE: ROYAL DUTCH/SHELL SECURITIES LITIGATION

RETURN BY:

PAGE LINE CORRECTION AND REASON

Table with 3 columns: PAGE, LINE, CORRECTION AND REASON. Contains 13 empty rows for corrections.

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0468

1 REMCO AALBERS, November 7, 2006
2 E R R A T A S H E E T
3 IN RE: ROYAL DUTCH/SHELL SECURITIES LITIGATION

4 RETURN BY:

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0469

1 REMCO AALBERS, November 7, 2006
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3
4 CERTIFICATE OF SHORTHAND REPORTER -- NOTARY PUBLIC
5 I, Laurie Bangart-Smith, Registered
Professional Reporter, the officer before whom the
6 foregoing deposition was taken, do hereby certify
that the foregoing transcript is a true and
7 correct record of the testimony given; that said

testimony was taken by me stenographically and

8 thereafter reduced to typewriting under my
supervision; and that I am neither counsel for,
9 related to, nor employed by any of the parties to
this case and have no interest, financial or
10 otherwise, in its outcome.

11 IN WITNESS WHEREOF, I have hereunto set
my hand and affixed my notarial seal this 8th
12 day of November, 2006.

13
14
15 My commission expires: March 14th, 2011

16
17
18 _____

19 LAURIE BANGART-SMITH
NOTARY PUBLIC IN AND FOR
20 THE DISTRICT OF COLUMBIA

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Pursuant to notice, before Cindy L.
Sebo, RMR, CSR, RPR, CRR, and Notary Public in and
for the District of Columbia.

0003

1

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0004

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0005

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0006

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3 ALSO PRESENT:

4 CALI DAY, VIDEOGRAPHER

5 STEVEN PIETLER, INVESTIGATOR

6

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0007

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2 C O N T E N T S

3 EXAMINATION OF REMCO D. AALBERS: PAGE:

4 By Mr. Haber 10, 147

5 Afternoon Session 147

6

7 E X H I B I T S

8 (Exhibits Retained by Counsel)

9

10 AALBERS DEPOSITION EXHIBITS: PAGE:

11 1 E-mail string 215

12 2 Note for Information 221

13 3 E-mail string 283

14 4 Note for Information with appendix,

Eulderink and Aalbers to Rothermund,

15 January 27, 2000 288
16 5 SEC Proved Reserves Audit for SPDC
Nigeria, August 31, 1999 292

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18
19
20
21
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25

0008

1 REMCO D. AALBERS

2 P R O C E E D I N G S

3 THE VIDEOGRAPHER: Here begins Tape

4 Number 1 in the deposition of Remco Aalbers in the
5 matter of in re: Royal Dutch/Shell Transport
6 Securities Litigation in the United States District
7 Court, District of New Jersey, Case Number 04-374.

8 Today's date is November 6th, 2006.

9 The time is 10:06 a.m.

10 The video operator today is Cali Day
11 of LegalLink, New York.

12 This deposition is taking place at
13 875 Connecticut Avenue, Northwest, Washington, D.C.
14 20009.

15 Would counsel please identify
16 themselves and state whom they represent?

17 MR. HABER: Jeffrey Haber from
18 Bernstein Liebhart & Lifshitz, on behalf of the
19 lead Plaintiff, Peter M. Wood and the Class.

20 MS. KERN: Emily Kern, Bernstein
21 Liebhart & Lifshitz, on behalf of the Plaintiff.

22 MR. PEITLER: Steve Peitler,
23 Bernstein Liebhart & Lifshitz, on behalf of
24 Plaintiff.

25 MR. MILLKEY: Mark Millkey, Bernstein

0009

1 REMCO D. AALBERS

2 Liebhart & Lifshitz, on behalf of the Plaintiffs.

3 MS. MACKINTOSH: Christine

4 Mackintosh, from Grant & Eisenhofer, on behalf of
5 the opt-out Plaintiffs.

6 MS. MAZARAKIS: Akrivi Mazarakis,
7 Mayer Brown Rowe & Maw, for Sir Philip Watts.

8 MR. MORSE: Adriaen Morse, Mayer
9 Brown Rowe & Maw, for Phil Watts.

10 MS. WAGNER: Lori Wagner, Debevoise &
11 Plimpton for the Corporate Defendants and the
12 witness here today.

13 MR. WEED: Earl Weed, in-house,
14 Shell.

15 MR. TUTTLE: Jonathan Tuttle,
16 Debevoise & Plimpton for the Corporate Defendants
17 and the witness.

18 MS. SENNETT: Nancy Sennett of Foley
19 & Lardner, for the Defendant Judy Boynton.

20 MR. FOUKAS: Savvas Foukas, Hughes,
21 Hubbard & Reed, for PricewatersCoopers, LLC.

22 MR. ADLER: Derek Adler, also with
23 Hughes, Hubbard & Reed.

24 MR. DAVIS: Sid Davis, Hogan &
25 Hartson, for KPMG N.V.

0010

1 REMCO D. AALBERS

2 MR. CORSON: Nicholas Corson, Hogan &
3 Hartson, for KPMG Accountants N.V.

4 THE VIDEOGRAPHER: The court reporter
5 today is Cindy Sebo of LegalLink, New York.

6 Would the reporter please swear in
7 the witness?

8 REMCO D. AALBERS

9 having been duly sworn, testified as follows:

10 EXAMINATION BY COUNSEL FOR LEAD PLAINTIFF,

11 PETER M. WOOD AND THE CLASS

12 BY MR. HABER:

13 Q. Good morning, Mr. Aalbers. We met a
14 few moments ago.

15 A. Good morning.

16 Q. As I said, my name is Jeffrey Haber.
17 I represent the lead Plaintiffs in the class
18 action.

19 For the record, can you tell us where
20 you currently live?

21 A. I live in the Netherlands and --
22 in -- in Assen, in the northern part of the
23 Netherlands.

24 Q. And are you with a Dutch citizen?

25 A. Yes, I am.

0011

1 REMCO D. AALBERS

2 Q. Okay. Have you ever given any
3 testimony to any regulatory body before today?

4 A. Yes, once to -- in London to the FSA.

5 Q. Okay. And the FSA, is that the
6 Financial Services Authority?

7 A. I believe so.

8 Q. Okay. As you might recall from that
9 proceeding, they asked you a series of questions
10 and they wanted you to answer the -- the questions
11 to the best of your knowledge and recollection.
12 We're going to do the same here.

13 Just as a reminder, the questions I'm
14 going to ask you are about the subject matter of
15 the lawsuit.

16 Do you understand that?

17 A. Yes, I do.

18 Q. Okay. And if you don't understand a
19 question, would you say so?

20 A. I will ask for further clarification.

21 Q. Great. Thank you.

22 And if you don't understand a
23 question, I'll rephrase it for you so that you do
24 understand it.

25 Is that okay with you?

0012

1 REMCO D. AALBERS

2 A. That's fine.

3 Q. Good.

4 And if you don't hear a question,
5 will you tell me?

6 A. I will do.

7 Q. Okay. I'll certainly be happy --
8 if you don't, I will be happy to repeat it or
9 rephrase it for you.

10 You also understand that your answers
11 have to be verbal, even though we have a court

12 reporter here taking down everything that you say
13 and we have a video also recording today's
14 proceedings. Nonverbal responses like uh-huhs and
15 hum-ums don't get recorded.

16 So would you please respond to any
17 questions with a yes or no?

18 A. I will do.

19 Q. Okay. If you don't know an answer,
20 would you please let me know?

21 A. I will do.

22 Q. Great.

23 And also, just so you understand, I'm
24 only looking for your recollection and your
25 understanding. No one here is looking for any

0013

1 REMCO D. AALBERS

2 speculation.

3 You understand that?

4 A. Yes, I do.

5 Q. Good.

6 Would you please speak clearly?

7 Again, even though we have a video transcript,
8 could you please speak clearly for the benefit of
9 the court reporter?

10 A. I'll do my best.

11 Q. Great. Thank you.

12 One thing that always happens in
13 these proceedings, and I will try my best not to do
14 it, is, if you would please wait until I finish
15 asking a question, I will wait until you finish
16 responding so that we're not talking over each
17 other.

18 Is that okay?

19 A. That's a good start.

20 Q. Good.

21 If you need a break for any reason,
22 please feel free to ask. I will do my best to
23 accommodate all requests for a break. I understand
24 the proceedings, they get long, and breaks are
25 important.

0014

1 REMCO D. AALBERS

2 The only time that I will request

3 that we delay a break is if it's during the
4 pendency of a question.

5 Do you understand that?

6 A. That's fair.

7 Q. Okay. Mr. Aalbers, I take it you
8 attended a university or college?

9 A. Yes, I did.

10 Q. Okay. Where did you go?

11 A. I went to the University of Leiden in
12 the Netherlands.

13 Q. And what year did you graduate?

14 A. I graduated in 1985.

15 Q. Did you graduate with a particular
16 degree?

17 A. I graduated in physics.

18 Q. Now, this degree, is this what would
19 be the equivalent of an undergraduate degree in the
20 United States?

21 A. The degree would be equivalent to a
22 Master's.

23 Q. Since graduating university, did you
24 attain -- obtain any professional licenses?

25 A. No.

0015

1 REMCO D. AALBERS

2 Q. Are you a member of any professional
3 organizations?

4 A. I'm a member of the SPE.

5 Q. And for the record --

6 A. Society of Petroleum Engineers.

7 Q. Thank you.

8 Could you tell me what the objective
9 of the Society of Petroleum Engineers is, if you
10 can?

11 A. I don't know what the exact objective
12 is, but it's an association for petroleum engineers
13 worldwide to improve understanding of petroleum
14 engineering in general.

15 Q. Now, are there different committees
16 in the SPE?

17 A. Actually, yes, there are.

18 Q. Are you a member of any of the
19 committees?

20 A. No, I'm not a member at the moment.

21 Q. When you say "at the moment," where
22 you ever --

23 A. Sorry. I'm not a member.

24 Q. Okay. Have you -- have you, over
25 the years -- strike that.

0016

1 REMCO D. AALBERS

2 When did you become a member of the
3 SPE?

4 A. I don't recall the exact year, but
5 I -- I guess it's going to be late -- late '80s,
6 probably '89 or '90.

7 Q. Do you recall reasons why you joined
8 the SPE?

9 A. To keep up to date with improvements
10 in the field of petroleum engineering.

11 Q. Your joining the SPE, was that on
12 your own initiative?

13 A. I believe so.

14 Q. I'm sorry?

15 A. I believe so.

16 Q. Thank you.

17 MR. TUTTLE: She's telling you to
18 speak louder.

19 THE WITNESS: I know. I know.

20 BY MR. HABER:

21 Q. It's a tough crowd.

22 Were there any particular areas
23 within the industry that you were looking to keep
24 up to date with?

25 A. I'm a petroleum reservoir engineer,

0017

1 REMCO D. AALBERS

2 and so that was initially the specific area that I
3 was interested in.

4 Q. A reservoir engineering?

5 A. Yes, a reservoir engineer.

6 Q. I'm sorry?

7 A. A reservoir engineer.

8 Q. Okay. And what -- generally
9 speaking, what is a reservoir engineer?

10 A. A reservoir engineer is somebody who

11 looks after what happens underground in reservoir
12 in terms of dynamic flow and volumes that would be
13 there in a gas or oil accumulation.

14 Q. And you say you graduated with a
15 degree in physics, right?

16 A. Yes.

17 Q. Okay. How did you get into reservoir
18 engineering?

19 A. I joined Shell and basically
20 become -- became a petroleum engineer and then,
21 within Shell, I got my training as a reservoir
22 engineer.

23 Q. Okay. We'll go through your
24 employment at Shell and then you can identify where
25 you started with the reservoir engineering.

0018

1 REMCO D. AALBERS

2 Now, going back to your -- your
3 membership on the SPE, you say you probably joined
4 in or about late '80s, and you said somewhere
5 around '89 or early '90, correct?

6 A. That's --

7 Q. I'm sorry.

8 A. -- that's my recollection.

9 Q. And -- and how long have you been a
10 member?

11 A. Up till today.

12 Q. Okay. Since joining, have you --
13 have you attended meetings of the SPE?

14 A. I've -- I've been to local meetings a
15 couple of times in -- in the Netherlands. I've not
16 been a very active member in going to big
17 congresses and stuff.

18 Q. Were there any particular subjects
19 that interested you to cause you to go to these
20 meetings that you did attend?

21 A. I can't remember if there were any
22 specific cases where I went just before -- because
23 the subject was interesting. It just happened
24 whether or not it was convenient or not, I guess.

25 Q. Membership on the SPE, is that a

0019

1 REMCO D. AALBERS

2 requirement by Shell?

3 A. No.

4 Q. As a member of the SPE, do you
5 receive periodicals from the organization?

6 A. Yes, the JPT, Journal of Petroleum
7 Technology.

8 Q. And generally speaking, what --
9 what -- what kind of content do you find in the
10 JPT?

11 A. I mean, all sorts of things. I mean,
12 it's -- it's a fairly broad general publication
13 with subsurface or surface or drilling elements
14 reported.

15 Q. Do you recall read -- reading any
16 articles in the JPT about reserves reporting
17 requirements?

18 A. No, I don't think I recall articles
19 on reserves reporting; but they -- certainly, SPE
20 has published their view on reserves reporting
21 and -- at some point in time.

22 Q. And do you recall reading any
23 articles or publications by the SPE on that topic?

24 A. Yes, I've read articles by them.

25 Q. Do you recall when you read them?

0020

1 REMCO D. AALBERS

2 A. Oh, dear. I think it must have been
3 somewhere around '99 or 2000, I think. At times,
4 it's difficult to remember exactly when that was.

5 Q. I understand.

6 Do you recall the content --
7 generally, what the articles were saying?

8 A. The SPE, were, if I recall, looking
9 at alternative ways of reporting reserves, and we
10 did a bit of a comparison what they were saying
11 versus what the Shell group guidelines were saying
12 at the time.

13 Q. So we're clear, when -- when you say
14 ways to report reserves, you're referring to proved
15 reserves?

16 A. No. The SPEs also were looking at
17 proof -- not just proof, but also probable and
18 possible reserves.

19 Q. Okay. When you say "probable," what
20 are you referring to?

21 A. Probable, in -- in Shell terms, would
22 be expectation reserves, so reserves that are
23 likely to be there, but not yet approved or -- or
24 bigger volume than proved generally.

25 Q. Okay. And I believe the other one
0021

1 REMCO D. AALBERS

2 was possible?

3 A. Yep.

4 Q. And what is that?

5 A. In Shell terms, that would generally
6 be high. If you add probable, possible, you would
7 probably get high reserves. So proved -- proof
8 plus probable -- probable and proved is probable
9 and possible.

10 Q. Okay. Now, do you recall, in reading
11 these articles, the position that the -- I guess
12 the members of the SPE were taking concerning
13 alternative ways to report reserves?

14 A. I -- I don't recall what exactly
15 the -- the end position was.

16 Q. In general, putting aside these
17 articles, do you recall the position that the
18 organization, the SPE, was taking with regard to
19 reporting reserves?

20 A. As -- as I recall it, they were --
21 they were looking at the wider span of reserves
22 reporting other than just the proved book --
23 bookings.

24 Q. Is it your recollection that the SPE
25 was taking a position with regard to the
0022

1 REMCO D. AALBERS

2 methodology used to report proved reserves?

3 A. Can you rephrase that?

4 Q. I'd be glad, because as it was coming
5 out, I realized it probably wasn't going to work.

6 Do you recall -- again, putting aside
7 these articles -- the SPE giving its opinion on the
8 methodology that the industry should use when
9 reporting proved reserves?

10 MR. TUTTLE: Objection to form.

11 THE WITNESS: I -- I don't exactly

12 remember what that position was.

13 BY MR. HABER:

14 Q. But you do recall the SPE having a
15 position?

16 MR. TUTTLE: Objection to form.

17 BY MR. HABER:

18 Q. You can answer.

19 A. As I recall it, they were -- they
20 were looking at, like I said before, other ways to
21 report it than just the proved reserves, to look at
22 the widest range of reserves categories that are
23 there.

24 Q. In -- in -- going back to the
25 articles that you recall reading, do you recall any

0023
1 REMCO D. AALBERS

2 discussion about the SEC's rule concerning
3 reporting proved -- reporting of proved reserves?

4 A. No, I don't.

5 Q. In -- again, looking at these
6 articles, do you recall any discussion about the --
7 strike that. Let me go back.

8 Have you ever heard of the term
9 "reasonable certainty"?

10 A. Yes.

11 Q. And what is that -- what is your
12 understanding of that term?

13 A. Reasonable certainty is the
14 definition used by the SEC for booking proved
15 reserves.

16 Q. And do you have an understanding of
17 what the components of that standard is -- are?

18 A. Try that one again.

19 Q. Okay. Do you understand what the
20 components of reasonable certainty are?

21 A. What do you mean by "components"?

22 Q. What I'm referring to are technical
23 maturity and commercial maturity.

24 A. Okay.

25 MR. TUTTLE: Objection; foundation.

0024

1 REMCO D. AALBERS

2 MR. HABER: I'm just responding to
3 his question.

4 BY MR. HABER:

5 Q. With regard to -- let's take one at a
6 time.

7 Have you ever heard of the term
8 "commercial maturity"?

9 A. Yes.

10 Q. Okay. And what is that -- what is
11 your understanding of that term?

12 A. Commercial maturity is that there are
13 economically recoverable reserves and that they are
14 likely to be produced.

15 Q. Do you have an understanding of
16 the -- of what the term "technical maturity" means?

17 A. Technical maturity basically means
18 that you've done sufficient technical work to know
19 what forms are there and how -- how much you could
20 recover from a certain hydrocarbon accumulation.

21 Q. Now, is it your understanding that
22 technical maturity and commercial maturity are
23 components of the reasonable certainty standard?

24 A. Yes.

25 MR. TUTTLE: Objection to form.

0025

1 REMCO D. AALBERS

2 BY MR. HABER:

3 Q. I'm sorry. The answer was yes?

4 A. Yes, that's how we -- how that was
5 reflected in the group guidelines.

6 Q. Okay. Do you have an understanding
7 if that's how it was reflected by the SPE?

8 A. I don't recall.

9 Q. Okay. Do you have an understanding
10 if that's how it's reflected in the SEC reserves
11 reporting requirements?

12 A. As I recall it, they only describe
13 reasonable certainty and don't specify technical
14 maturity as such.

15 Q. In substance, did the SEC discuss
16 technical maturity and commercial maturity?

17 MR. TUTTLE: Objection to form.

18 BY MR. HABER:

19 Q. You can answer.

20 A. It depends on what time frame you're
21 talking about. If you look before 2001, as far as
22 I was aware, there was no further specification of
23 the term reasonable certainty other than what was
24 in the FASB and the S6 rules.

25 Q. And then post2001?

0026

1 REMCO D. AALBERS

2 A. Post2001 was the -- the publication
3 of -- of -- the notification of the interpretation
4 of their staff of those specific rules.

5 Q. When you say the notification by the
6 staff, are you -- who are you referring to?

7 A. The technical staff of the SEC is
8 what -- what it said in the letter.

9 Q. All right. So you're referring to
10 the staff of the SEC?

11 A. Yes.

12 Q. Okay. Now, going back to your
13 earlier answer to my question about the SPE and the
14 content of the articles concerning reserves
15 reporting, I believe you testified that your
16 recollection is that the SPE was discussing
17 alternative ways to report reserves.

18 A. Maybe I should rephrase. Alternative
19 categories rather than, maybe, ways.

20 Q. Okay. And you also said that you, at
21 Shell, were comparing Shell's guidelines against
22 what the SPE was saying; is that correct?

23 A. Yes.

24 Q. Okay. Now, you -- I believe you also
25 said "we." Who -- who did the comparison with you?

0027

1 REMCO D. AALBERS

2 A. I think -- I think the comparison --
3 initially, I looked at the comparison and shared
4 that with my boss.

5 Q. And who is your boss at that time?

6 A. It depends what the exact timing was,
7 which I'm was not 100 percent -- 100 percent sure
8 of. I think it was Aidan McKay at the time.

9 Q. Do you recall the position Mr. McKay
10 held at that time?

11 A. Position of what?

12 Q. I'm sorry?

13 A. What -- position on what?

14 Q. Well, you say he was your boss. Do
15 you recall his title?

16 A. Oh, his -- oh, that position. I
17 thought position in terms of what he --

18 Q. Oh, no. We'll get to that in a
19 second, though.

20 A. Oh, sorry. That's why I said what do
21 you mean by position.

22 What was his formal title? I think
23 it was head of business planning.

24 Q. For --

25 A. I don't remember.

0028

1 REMCO D. AALBERS

2 Q. -- for exploration purposes?

3 A. For exploration purposes, yes.

4 Q. So if we discuss, throughout these
5 proceedings today and tomorrow, EP, we understand
6 that we're referring to exploration and production?

7 A. Yes.

8 Q. Also, one other little piece of
9 nomenclature. Throughout these proceedings, I will
10 refer to the group, the two parent companies,
11 Shell Transport Trading and Royal Dutch Petroleum
12 as Shell, unless there's a need for me to refer to
13 any particular parent or operating unit.

14 So we understand, I -- when I refer
15 to "Shell," I'm referring to the entire group.

16 A. Yes.

17 Q. Okay. Great.

18 Now, going back to this comparison,
19 why did you undertake to do this comparison?

20 A. Mainly out of interest to see if it
21 lined up with sort of the rule -- the -- the
22 reporting system that Shell had set up in terms of
23 expectation reserves, scope for recovery, those
24 types of categories.

25 Q. You did it on your own initiative?

0029

1 REMCO D. AALBERS

2 A. I don't recall. Probably.

3 Q. Now, did you discuss it with

4 Mr. McKay?

5 A. I believe so.

6 Q. Okay. Do you recall the sum and

7 substance of the discussion?

8 A. No, I don't.

9 Q. Okay. Do you recall what Mr. McKay

10 had -- strike that.

11 Do you recall his position with

12 regard to what the SPE was saying versus Shell's

13 guidelines?

14 A. No, I don't.

15 Q. Okay. And, again, just so I'm clear

16 in timing, you think that this occurred sometime in

17 '98-'99?

18 A. No. I said -- I think it's '99-2000.

19 Q. Okay. Do you recall reviewing other

20 articles in the JPT that pertained to your position

21 at Shell, the position at -- right now -- let me

22 just be clear -- I'm talking about at EP as the

23 group resources coordinator.

24 A. No, I don't think there were that

25 many articles on reserves reporting.

0030

1 REMCO D. AALBERS

2 Q. Okay. We'll get through your

3 biography shortly, but when did you become the

4 group resources coordinator?

5 A. The 1st of January 1998.

6 Q. Okay. And how long did you hold that

7 position?

8 A. Up until the end of March 2001.

9 Q. And, again, just for nomenclature

10 purposes so that, you know, it rolls off my tongue

11 easier, I think, if it's okay with you, I'd like to

12 refer to the group resources coordinator as the

13 GRC.

14 Is that okay?

15 A. Fine.

16 Q. Okay. Now, going back to your

17 background, other than the SPE, are there any other
18 professional organizations that you're a member of?

19 A. No, they're not.

20 Q. Okay. Were -- at any time from the
21 beginning of your membership with the SPE to the
22 present, have you ever served as an officer of the
23 organization?

24 A. No.

25 Q. Does the organization have a board of

0031

1 REMCO D. AALBERS

2 directors or trustees?

3 A. I believe so.

4 Q. Okay. Have you ever been a member of
5 that board?

6 A. No.

7 Q. Okay. All right. After you
8 graduated in 1985, where did you begin your work
9 career?

10 A. I started working for Shell straight
11 afterwards in March of 1985 after I graduated in
12 January.

13 Q. Okay. And what was your first
14 position at Shell?

15 A. I started off in Noordwijkerhout out
16 which is the -- or was the Shell training center at
17 the time in the Netherlands.

18 Q. And how long were you at the training
19 center?

20 A. At the time of the training -- the
21 initial training was seven months, which included
22 about six weeks over a period of two months as
23 field experience, in my case, in the Northern
24 North Sea in Aberdeen.

25 Q. During your -- your training, did you

0032

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2 receive any training in reserves reporting?

3 A. No.

4 Q. During your training, you said that
5 there was field experience and you said in the
6 North Sea.

7 What did you do?

8 A. I was out at Brentoff, one of the
9 Brent platforms, for six weeks, three times two
10 weeks; two weeks working in the drilling
11 department, two weeks working in the maintenance
12 department and two weeks working in the production
13 department.

14 Q. Try to give you a little experience
15 in everything, right?

16 A. Exactly. That's what the whole
17 seven months were about.

18 Q. Okay. And when you say the Brent
19 platform, where is that located?

20 A. In the Northern North Sea, north of
21 Scotland, basically, northeast of Scotland.

22 Q. That's Aberdeen?

23 A. Aberdeen is a place in Scotland.

24 Q. But that's different -- I know the
25 North Sea is out, but -- let me ask a better

0033

1 REMCO D. AALBERS

2 question.

3 What --

4 A. Thank you.

5 Q. -- what operating unit?

6 A. It was with Shell EXPRO, who had
7 their base in Aberdeen.

8 Q. That's where I was going.

9 A. All right.

10 Q. After the training center, after the
11 training work, you say it took about seven months
12 or so.

13 Where did you go next?

14 A. After that, I went to the northern
15 part of Holland, to Assen, to the NAM, the
16 Nederlandse Aardolie Maatschappij, and -- as a
17 wellsite petroleum engineer.

18 Q. And what were your responsibilities
19 while you were at NAM?

20 A. In that first period, just over a
21 year, I was on the wellsite on the rig responsible
22 for reporting drilling progress, the MAT system,
23 cutting descriptions, welling programs and a whole
24 bunch of other stuff.

25 Q. Did -- did any of your work include

0034

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2 reserves reporting?

3 A. No, not on the wellsite.

4 Q. Okay. And if I'm getting my math

5 here correctly, we're sometime in '86 now?

6 A. Yes, that's correct. I went to NAM

7 in November -- I believe about November '95 and

8 then went to the wellsite.

9 MR. TUTTLE: You said '95.

10 THE WITNESS: '85, excuse me. '85.

11 BY MR. HABER:

12 Q. '85, yes.

13 Thank you.

14 A. Apologies.

15 Q. That's okay.

16 After NAM, where did you go next?

17 A. No. I stayed in NAM there. I

18 actually stayed almost five years with NAM, but at

19 several different jobs in that period. So this was

20 the first year. After the wellsite, I became a

21 reservoir engineer and did a year of well test

22 analysis in the well testing department within NAM

23 at the time.

24 Q. How long did you hold that position?

25 A. Also for about a year.

0035

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2 Q. And what were the responsibilities

3 that you had in that position?

4 A. Evaluating well tests, preparing well

5 test proposals for certain wells and reporting

6 those out, also responsible for -- there's a well

7 testing standard and -- and helping out other

8 reservoir engineers for other fields if they had

9 specific questions on their wellsite

10 implementation, because I was sort of one of the

11 specialists in that area.

12 Q. And, again, I take it there was no

13 responsibilities for reserve reporting on the

14 wellsite?

15 A. There was no -- no. This was in the

16 office. There was no reserve responsibility in
17 this particular job.

18 Q. Okay. Now, you said as -- you were
19 in this position as a reservoir engineer.

20 Had you received any training?

21 A. As part of the original training, the
22 seven months in Noordwijkerhout, we actually
23 received a large range of training. Part of it was
24 specifically aimed at the wellsite period, so that
25 was drilling engineering, training, remote control,

0036

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2 all that sort of stuff.

3 And apart from that, we also had
4 training in the different petroleum engineering
5 disciplines, as well as engineering, so that we had
6 a broad overview of the whole of the -- the --
7 things happening in the oil industry. And one of
8 the courses there was also a reservoir engineering
9 course.

10 Q. What other petroleum engineering
11 disciplines were you exposed to during the
12 training?

13 A. Rocks and geology, seismology,
14 petrophysics, production technology.

15 Q. Generally speaking, do you recall
16 anything about the training you received in
17 production technology?

18 A. That's a long time ago.

19 No, I don't specifically recall what
20 I got there, but I -- I've dealt with production
21 technology for a long time. So -- I mean, I have a
22 team at the moment where there's also production
23 technologists, so I don't know what you're trying
24 to sort of refer to.

25 Q. Well, why don't you just tell me,

0037

1 REMCO D. AALBERS

2 generally, what -- what -- what's entailed in the
3 production technology?

4 A. Production technology in -- in -- in
5 Shell definition is about the wells, so it's the
6 connection between the reservoir and the surface

7 facilities. So it's everything to do, basically,
8 with the vertical element of producing the oil and
9 gas. So it's about completions, about stimulation,
10 perforating, all those type of things.

11 Q. And are all of those elements
12 components of technical maturity?

13 MR. TUTTLE: Objection; foundation.

14 BY MR. HABER:

15 Q. You -- you can answer.

16 A. No, not necessarily. This is very
17 much detailed in one specific subject group of
18 petroleum engineering.

19 Q. Okay. I'm just trying to get an
20 understanding, when you start talking about taking
21 the resource and going from ground and -- and out
22 to production, if that has any application to your
23 understanding of the elements of technical
24 maturity.

25 A. What's the exact question?

0038

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2 Q. I just want to know if there's any
3 application of production technology to technical
4 maturity.

5 A. If you look at technical maturity,
6 you have to have a field development plan, and
7 obviously, wells are one element of a field
8 development plan. So if you don't have a well
9 concept and know how you're going to use the
10 reserves, then obviously, you would not be
11 technically mature if you couldn't actually get the
12 hydrocarbons from in the ground to the surface.

13 Q. Okay. And who in Shell creates the
14 field development plan?

15 A. The field development plan is
16 produced within the petroleum engineering
17 department or, these days, we're often called
18 development. It's normally by an integrated team
19 of petroleum engineers and appraisal engineers and
20 project engineers, depending on the specific fuel
21 in question.

22 Q. When you say "these days," you're
23 referring today at Shell?

24 A. Yeah. I mean, at the moment,
25 we're -- I mean, titles change out through the life
0039

1 REMCO D. AALBERS

2 of -- of companies --

3 Q. Right?

4 A. -- and we don't, at the moment, call
5 it the petroleum engineering department, but the
6 petroleum engineering functions, at the moment, are
7 within the development function.

8 Q. And when you say at Shell, are you
9 referring to Shell's corporate headquarters
10 where --

11 A. No. I mean, the field development
12 plans are made in the operating units where the
13 fields are actually --

14 Q. Right.

15 A. -- being produced or run or whatever
16 you want to call it.

17 Q. That was the next question. If it
18 wasn't there, how is it used?

19 A. Okay. And I'll use operating units.

20 Q. Right. Thank you.

21 Were there any other positions that
22 you held at NAM after this position as reservoir
23 engineer?

24 A. Yes. After the well testing year, I
25 actually became the reserves coordinator for NAM

0040

1 REMCO D. AALBERS

2 and IT computing within petroleum engineering.

3 Q. Okay. Let's take IT computing first.

4 What were your responsibilities?

5 A. One of the things I did in -- in that
6 period was implementing a central database for
7 production data recording called EpiPro.

8 Q. What else? Anything else?

9 A. In those days, EpiPro was part of
10 a -- a wider database system called Epix, and then
11 a number of other elements. And -- and I was
12 involved in making sure that data was in there
13 properly, and that's sort of the other tools which
14 sort of get the data if, and when, required.

15 Q. Now, what kind of data, generally,
16 was included in the database?

17 A. Well, I would have to remember what
18 ultimately it was. I mean, it went from EpiGen,
19 which was the general well data; EpiPro, which had
20 the production data; and then there were a number
21 of other tools, which I've forgotten what their
22 exact names were.

23 Q. And was that information in the
24 database sent to the EP offices in The Hague?

25 A. No. That was kept within the

0041

1 REMCO D. AALBERS

2 operating unit.

3 Q. And what was the purpose of
4 maintaining the database?

5 A. To make sure that the data was
6 preserved for use in field development plans,
7 financial reporting, what have you.

8 Q. Now, going over to your other
9 responsibilities as a reserve coordinator, did you
10 have any responsibility for developing the
11 development plan?

12 A. No.

13 Q. Okay. Who did?

14 A. The development plan would be --
15 would be developed by the teams responsible for
16 specific fields. There were a number of areas
17 within NAM. There was offshore, onshore in
18 northern and southern parts of the Netherlands, and
19 there were different teams looking at those
20 different areas. And they would be responsible for
21 preparing the field development plans for the
22 individual fields.

23 Q. Now, was there one person in NAM who
24 was responsible for collating all the information
25 that came in from the various fields?

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2 A. In terms of what?

3 Q. Well, when you say rolling up --
4 collating is a probably a bad word -- rolling up
5 that information so that it can be implemented into

6 a development plan.

7 A. No. The field development plans were
8 created per field, and you don't actually aggregate
9 field development plans.

10 Q. Okay. Was there one person who was
11 responsible for overseeing the process?

12 A. The field development plans, as they
13 were sort of developed within the petroleum
14 engineering department, as we were called at the
15 time, I mean, ultimately, we had a petroleum
16 engineering manager who was responsible for that
17 whole department.

18 Q. Okay. Now, do you have an
19 understanding of whether this process that you just
20 described at NAM is a process that's used in other
21 operating units at Shell at or about this time?

22 A. Yes. Field development planning is
23 the -- the general process of taking fields and
24 bringing them into production.

25 Q. Okay. Okay. So it's your

0043

1 REMCO D. AALBERS

2 understanding that each of the OUs would implement
3 a similar process?

4 MR. TUTTLE: Objection to form.

5 You can answer.

6 THE WITNESS: I wasn't in all of
7 these other operating units. My understanding at
8 the time was that the field development plans, as
9 they were prepared in NAM, was similar to what was
10 done in other operating units.

11 BY MR. HABER:

12 Q. Okay. Now, you said you were a
13 reserves coordinator at -- at NAM.

14 Can you tell us what your duties were
15 in that position?

16 A. The duty was collating the end year
17 total reserves for NAM and reporting those to
18 the -- to the group, to the center.

19 Q. When you say reporting end year, is
20 that part of the ARPR process?

21 A. Yes.

22 Q. And what was reported to the center

23 as part of the process?

24 A. Can you be more specific?

25 Q. Were you only reporting proved

0044

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2 reserves or were you reporting various type of

3 reserves that we talked about earlier?

4 A. We -- we reported a lot of the
5 different categories: proved reserves, expectation
6 reserves, scope for recovery. This is actually the
7 year where the definition system at Shell has --
8 has used it in terms of expectation reserves and
9 scope for recovery categories were the first time
10 introduced. So we actually introduced that that
11 year when I was in that role.

12 Q. And what year was this?

13 A. Let me try -- '96 -- this must have
14 been '98 -- sorry, '89, before you object.

15 Q. And for the record, what is scope for
16 recovery?

17 A. Scope for recovery -- I basically
18 identified hydrocarbon resources that are not yet
19 technically and commercially mature.

20 Q. And -- and if you're sort of doing a
21 scale of proved reserves being on the top,
22 expectation reserves being somewhere in the middle,
23 where would scope for recovery wind up on this
24 scale?

25 A. Scope for recovery would be one step

0045

1 REMCO D. AALBERS

2 down from expectation reserves --

3 Q. Is there --

4 A. -- and one step up from undiscovered
5 volumes.

6 Q. That was my next question. Is there
7 a category below scope for recovery?

8 A. It's undiscovered scope, so that's
9 basically explore -- exploration potential.

10 Q. Okay. Now, how long did you serve
11 as -- as reserves coordinator in NAM?

12 A. For one year.

13 Q. That takes us around 1990?

14 A. '89.

15 Q. Okay. What was the next position you
16 held?

17 A. Operational reservoir engineer for
18 the offshore K & L fields or the high-cost system.

19 Q. And again, this is still with NAM?

20 A. This is still with NAM.

21 Q. Okay. And what did -- what -- what
22 were your responsibilities in that position?

23 A. Responsible for the fields that
24 produced through the high-cost system to the
25 onshore in terms of field forecasts, reserves

0046

1 REMCO D. AALBERS
2 reporting, well planning, reservoir and well
3 surveillance, unitization with partners -- those
4 type of things.

5 Q. And how long were you in this
6 position?

7 A. For two years.

8 Q. So that takes us around '91 or so?

9 A. (No audible response.)

10 Q. What did you do next?

11 A. I then got transferred out of NAM to
12 Syria, to Damascus to Syria Shell Petroleum
13 Development, SSPD.

14 Q. And what position did you hold at
15 that time?

16 A. I went to position which was
17 economist, business planner, reserves reporting,
18 petroleum engineering.

19 Q. Let's take your work as a petroleum
20 engineer.

21 What were your functions in that
22 position?

23 A. Basic function there was preparing
24 declarations of commercial discoveries for the
25 Syria Petroleum Company. So if Syria Shell

0047

1 REMCO D. AALBERS
2 Petroleum Development, a joint venture that we had
3 there, made a discovery, a notional field
4 development plan had to be submitted to the

5 Government, on which basis we would get a
6 commerciality declaration and actually get a
7 production sharing agreement for that specific fuel
8 that was discovered.

9 Q. This declaration of a discovery, was
10 it also sent to Shell?

11 A. Phew --

12 MR. TUTTLE: Can we just read that
13 back? I think he said declaration of discovery. I
14 don't think that's --

15 MR. HABER: I thought he said
16 declaration of discovery.

17 MR. TUTTLE: Commerciality, I think.

18 MR. HABER: Well, there was something
19 in -- one of the early things he said -- oh,
20 declaration of commercial discoveries. I
21 apologize.

22 BY MR. HABER:

23 Q. Okay. I'm sorry. Is it a
24 declaration of commercial discoveries?

25 A. That's what I believe there was.

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1 REMCO D. AALBERS

2 Q. Okay. I'm sorry. My apologies.

3 The same question though, were those
4 declarations sent to Shell?

5 A. I believe they -- before they were
6 sent out, the different partners would comment on
7 the contents before we could actually formally
8 submit it to the Government.

9 Q. And when you say "different
10 partners," how many partners were there?

11 A. I'm trying to remember. We had Shell
12 and Deminix (phonetic) and I think there was a
13 third.

14 THE VIDEOGRAPHER: I'm sorry. You're
15 blocking your microphone.

16 THE WITNESS: Excuse me. Deminix,
17 Shell and I think there was a third party. Oh, I
18 think it was Shell Oil, I think, that had the other
19 percentage. So it was Shell from the group in the
20 center, Deminix and I think Shell Oil.

21 BY MR. HABER:

22 Q. Shell Oil, was that the Shell

23 operating unit in the United States?

24 A. Yes. And it was through one of their

25 subsidiaries. What was that called? I think it

0049

1 REMCO D. AALBERS

2 was through Becton.

3 Q. Through Pecton?

4 A. Becton.

5 Q. Okay. You mentioned a prod -- a

6 production sharing agreement. I've also seen it in

7 documents as a PSC, production sharing contract.

8 A. Production sharing contract, yes, the

9 same thing.

10 Q. What is a production sharing

11 contract?

12 A. A production sharing contract is a --

13 an agreement under which oil and gas is produced

14 where the entitlement and the rewards from the --

15 from the -- the production is split on an element

16 of cost recovery and a profit sharing -- profit

17 element. So there's cost recovery and profit

18 sharing. It's just a certain way contracts are --

19 are made.

20 Q. Now, I think you mentioned that you

21 also, in -- in your position of petroleum

22 engineering -- portion of your position, had some

23 responsibilities for national field development

24 plans.

25 MR. TUTTLE: Objection to form. I

0050

1 REMCO D. AALBERS

2 think he said notional.

3 MR. HABER: Notional. You're right.

4 That's what it says, right, notional field. Thank

5 you. That's why he's here.

6 BY MR. HABER:

7 Q. Do you recall that notional field

8 development?

9 A. I -- I believe I said in the context

10 of the declaration of commerciality.

11 Q. Okay. Can you tell me what -- what

12 that -- what you're referring to?

13 A. Basically, when the discovery was
14 made together with al-Furat Petroleum Company,
15 which is the operating unit within -- within Syria,
16 and -- and the reservoir engineers and the -- and
17 the people there, we would look at what was
18 required to put that specific fuel that was
19 discovered on production -- on commercial
20 production, and that would then be sort of the
21 proposal that was put forward in terms of -- of how
22 we would develop these -- or what -- that there was
23 a volume there that would be developed.

24 Q. Okay. When you say "we," who are you
25 referring to?

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1 REMCO D. AALBERS

2 A. There was input also from the people
3 in al-Furat, who were running the -- the already
4 discovered fields.

5 Q. Okay.

6 A. And also, the -- the
7 explorationalists originally found the field and
8 sort of had the seismic data and the maps and
9 worked out the volumes.

10 Q. Um-hum. I think you also said that
11 one of your positions at -- in Syria was as an
12 economist.

13 A. Yes.

14 Q. What did you do in that role?

15 A. As an economist, we looked at the
16 economic effectiveness of basically investment
17 proposals, putting wells into the ground or putting
18 facilities in, and preparing the budget proposals
19 that had to go to the -- to the group and to the
20 partners to get financial approval to spend funds.

21 Q. And were you -- were you responsible
22 for preparing these proposals?

23 A. The investment proposals?

24 Q. Yes.

25 A. Yes, I was.

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1 REMCO D. AALBERS

2 Q. Okay. And what did that entail?

3 A. Basically, preparing the five revs,

4 as they were called at the time, with what
5 investments we're -- we're going to do -- I mean
6 how many wells to drill, how many facilities to
7 build, what the costs were, what the production
8 forecast was, preparing a proposal, getting the
9 economics in and getting, then, that obviously
10 supported first initiative by local management
11 before it was formally sent out to the center
12 for -- for funds approval.

13 Q. Did you have any role with regard to
14 the budget proposals?

15 A. I prepared them with input of
16 relevant parties that had the initial elements of
17 the -- of the budget proposal. So, I mean, like
18 cost -- cost estimate would come from the
19 engineering department, forecast would come
20 generally from the reservoir's engineering
21 department, meaning all -- all different parties
22 have input to -- to the proposal. But I actually
23 prepared the overall proposal.

24 Q. Okay. And what did you do with the
25 overall proposal once it was completed?

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1 REMCO D. AALBERS

2 A. Once it was approved by local
3 management, we would send that to the -- to the
4 shareholders for their formal budget support. And
5 once we got the approval from all three parties,
6 then that project would pass FID and then,
7 basically, people would go and spend the money and
8 drill wells or build facilities.

9 Q. When you say "pass FID," what are you
10 referring to?

11 A. Final investment decision.

12 Q. As I understand it, FID was part of a
13 review process at Shell; is that correct?

14 A. I don't understand the question.

15 Q. Let me rephrase it.

16 At some point in time, Shell had a
17 value assurance review process, a VAR process.

18 Have you ever heard of that?

19 A. Yes, I have.

20 Q. Okay. What -- what is a VAR process?

21 A. The VAR process was much later in
22 time, and the time that I was in Syria, the VAR
23 process didn't exist yet.

24 Q. Okay. So when you're referring to
25 FID --
0054

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2 A. I mean, I'm referring to the fact
3 that all parties who have to give their approval
4 for money to be spent have actually given that
5 approval, and then you've basically got the
6 approval to go ahead.

7 Q. Okay. And with regard to the
8 investment proposals, was that submitted to some
9 body for approval as well?

10 A. They were sent by -- if I recall it
11 correctly, by -- by telex to the two other partners
12 for -- for -- asking for formal approval, and it
13 went to Shell in The Hague where they then went
14 internal within the company, specific people had to
15 approve on -- on -- before eventually the -- the
16 tags would come back that, yes, we had support from
17 the center.

18 Q. And do you know who in The Hague was
19 involved in the approval process?

20 A. The way it -- it went, we actually
21 submitted the proposal, I believe, to the -- I'm
22 not sure what their exact title was, but we had a
23 liaison officer, basically, for Syria. We would
24 submit the proposal to that person, and -- and they
25 would actually make sure the internal approvals

0055

1 REMCO D. AALBERS

2 within Shell happened and -- a whole bunch of
3 people were involved.

4 And ultimately, of course, it
5 depended on the amount of money you spent to what
6 level you need to go depending on the financial
7 authority within the company.

8 But it had an element of -- of
9 technical review, economic review. I mean, I -- I
10 believe the -- the head of economics had to sign
11 off the proposal. He was head of economics and so

12 a bunch of people had to sort of support it and
13 then, eventually, it got final approval. But I
14 wasn't actually part of that part of the process.

15 Q. Okay. I think you also said part of
16 your responsibilities in Syria were -- were
17 business planning.

18 A. Yes.

19 Q. What did that entail?

20 A. The business planning was basically
21 getting the basic information out of al-Furat on --
22 on what their plans were on -- on developments in
23 the next one and two up to five years, collating
24 that and, together with a number of other people
25 within the Syria Shell, prepare the Shell business

0056

1 REMCO D. AALBERS
2 plan that was ultimately submitted to the group in
3 terms of what we thought the plans for the next
4 couple of years would be.

5 Q. Now, did you work with anyone in EP
6 when you were involved with the business planning
7 for Syria?

8 A. Yes, we had contact with EP.

9 Q. And who did you have contact with?

10 A. Initially, our liaison was through
11 Ian Henderson, and when he came out to Syria to
12 become deputy general manager, I believe Anthony
13 Charlie took over --

14 Q. Okay.

15 A. -- but I'm not 100 percent sure on
16 that anymore of the name.

17 Q. I think you also had testified that
18 you had some responsibility for reserve
19 reporting --

20 A. Yes.

21 Q. -- while you were in Shell -- in
22 Syria, correct?

23 A. Yes.

24 Q. Okay. What did that entail?

25 A. Very similar to the role that I had

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1 REMCO D. AALBERS
2 in NAM, getting the reserves and other reporting

3 data that had to be prepared as part of that
4 process from the individual reservoir engineers in
5 al-Furat supported, obviously, by -- by their line
6 and collating that in -- in -- in the relevant
7 reporting format that we had to support it --
8 submit it to the center.

9 Q. Again, submission in connection with
10 the ARPR?

11 A. Yes.

12 Q. Now, in -- in both NAM and -- and
13 Syria, did you have any reserves reporting training
14 when you were in the position of doing the reserve
15 reporting?

16 A. There wasn't direct reserves training
17 as such. It was through the guidelines that were
18 there to hand over from -- from your predecessor
19 what was required and directions that you got from
20 your boss on what was required.

21 Q. When you say "the guidelines," you're
22 referring to Shell's guidelines?

23 A. Shell guidelines, yes.

24 Q. At -- in NAM, had you read the SEC's
25 Rule 4-10?

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2 A. No, I haven't.

3 Q. Okay. When you were in -- in Syria,
4 had you read the SEC's Rule 4-10?

5 A. No.

6 Q. Okay. Now, when -- you just
7 mentioned a handover when you were in NAM.

8 Who -- who did you succeed?

9 A. In NAM, I succeeded Jo Skitting
10 (phonetic).

11 Q. And in Syria, who did you succeed?

12 A. I don't remember. I believe the
13 handover there was actually through my boss,
14 because I -- I actually arrived with my predecessor
15 gone, so I didn't actually speak to my predecessor
16 there. So it was actually through the -- yeah, the
17 boss -- my boss, basically.

18 Q. And who was that?

19 A. I forgot. He left Shell straight --

20 fairly soon thereafter. I don't recall his name
21 just now.

22 Q. Now, in -- in your work as an
23 economist and business planner, had you received
24 any training from Shell to do those jobs?

25 A. I did do a economics course, I think,
0059

1 REMCO D. AALBERS

2 as part of the initial training with Shell and
3 another one, I think, later on in NAM. For
4 business planning as such, I didn't do the course.

5 Q. Okay.

6 A. But I did do a number of reservoir
7 engineering courses as part of my training as a
8 reservoir engineer.

9 Q. Um-hum. How long were you at the --
10 in the OU in Syria?

11 A. I was initially two years with SSBD.

12 Q. Then where did you go after SSBD?

13 A. After that, I went to al-Furat
14 Petroleum Company, so the -- joined, essentially,
15 with Syria Petroleum Company, where I stayed
16 another two years.

17 Q. When you went to al-Furat, did your
18 duties and responsibilities change in any way?

19 A. Yes. I became the senior reservoir
20 engineer for Alvorton (phonetic) and Tieum
21 (phonetic) areas.

22 Q. What were you required to do in that
23 position?

24 A. Prepare field development plans for
25 some of the fields, well proposals, production
0060

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2 forecasts, input into business planning, reserves
3 estimates, reservoir and well surveillance, all
4 those type of things.

5 Q. I'm just interested with regard to
6 two of the things that you mentioned.

7 Production forecasts, what did that
8 entail?

9 A. That meant that you, on the basis of
10 your models, would prepare the forecast of what you

11 expected the fields to produce from, say, today for
12 the next couple of years or, in certain cases, to
13 the end of its field life.

14 Q. Um-hum. Again, in relation to the
15 reasonable certainty standard, what application, if
16 any, did this have?

17 MR. TUTTLE: Objection; foundation.

18 You can answer.

19 BY MR. HABER:

20 Q. You can answer.

21 A. Reasonable certainly wasn't part of
22 preparing a forecast, I mean, the word "forecast"
23 in terms of preparing production plans and those
24 type of things.

25 Q. Well, in determining whether a -- a

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1 REMCO D. AALBERS
2 particular field had reserves that could be
3 classified as reasonably certain for production,
4 was that part of the analysis in what you were
5 doing?

6 MR. TUTTLE: Objection to form.

7 BY MR. HABER:

8 Q. You can answer.

9 A. When we determined reserves, we did
10 that on the -- in the way that -- using sort of the
11 Shell statistical analysis at the time. So what we
12 determined were P85, 50/50 exploration numbers,
13 MP15 forecasts, so low, medium and high. They were
14 reported and rolled up and, ultimately, the P85s
15 were the numbers that were reported as the proved
16 reserves by the group.

17 Q. You also mentioned reserves
18 estimates. Do you recall that?

19 A. Um-hum.

20 Q. And -- and what -- what are you
21 referring to there?

22 A. For the annual AAPR cycle, all
23 reservoir engineers have to, at the end of the
24 year, prepare updated reserves numbers that then
25 get reported to the reserves coordinators who then

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1 REMCO D. AALBERS

2 sort of roll that up to company totals.

3 So you would report the -- the
4 proved, the expectation, the potential scope for
5 recovery, the changes that have been there
6 throughout the year from the previous estimate that
7 was made the year before.

8 Q. Okay. And you were responsible for
9 putting that information together in the ARPR?

10 A. No. In -- for the fields that I was
11 responsible for, I prepared the numbers for those
12 fields only and provided that to the guy who
13 succeeded me in -- in my role before in al-Furat --
14 in Syria Shell Petroleum.

15 Q. Okay. How long were you in al-Furat?

16 A. Two years.

17 Q. That takes us around '93 or so?

18 A. No. So we're in -- in '94 now.

19 Q. Okay. Where did you go from there?

20 A. From al-Furat, I went to Miri in
21 Malaysia to Sabah of Shell SSP. Apart from a very
22 small period, about two months when the Visa wasn't
23 there, I was sort of temporarily parked in The
24 Hague.

25 Q. So how long were you in Malaysia?

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1 REMCO D. AALBERS

2 A. Oh, just -- just over three -- three
3 and a half years, I believe.

4 Q. Okay.

5 A. I left Malaysia November '90 -- '97
6 and I arrived somewhere in '94, but I can't
7 remember which month it was.

8 Q. And what did you do when you were in
9 Malaysia?

10 A. My first job was as a senior
11 reservoir engineer in the integrated gas study
12 team, and that was for about a year. Then I became
13 the head of the integrated gas study team, and then
14 I became manager of gas opportunities, also for
15 just over a year.

16 Q. What did you do as manager of gas
17 opportunities?

18 A. I had an integrated team of petroleum

19 engineers, an operation person and some appraisal
20 engineering looking at the -- overlooking sort of
21 the producing fields that we had in -- in Malaysia.

22 Q. Did any of the responsibilities and
23 functions that you had in Malaysia include reserves
24 reporting?

25 A. In the first two functions, there was

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1 REMCO D. AALBERS

2 no reserves reporting involved in the last function
3 and, within my team, reserves updates would be
4 prepared for those producing fields.

5 Q. And who were they prepared for? I'm
6 referring to the updates now.

7 A. Like, for the normal ARPR cycles
8 basically.

9 Q. Okay.

10 A. The only thing we were involved there
11 at some point was a reserves certification by
12 Gaffney & Kline, I believe.

13 Q. I'm sorry. You say a reserves
14 certification. What -- what was that?

15 A. In Malaysia, the gas was produced to
16 an L&G plant. And part of that process, the buyers
17 on the -- on the Asian side, one sort of said --
18 comfort that the volumes that are being reported to
19 the plant and that they're buying and their gas
20 contacts are actually there.

21 Q. And what was Gaffney Kline requested
22 to do?

23 A. To check our reserves estimates if
24 they were -- if they could sub -- subscribe to
25 those, I guess was the word.

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1 REMCO D. AALBERS

2 Q. And -- and just for the record, who
3 is Gaffney Klein?

4 A. They're a consulting company.

5 Q. Do you know where they're based at
6 the time?

7 A. I think they're coming from England,
8 but I'm not 100 percent sure.

9 Q. Who did you deal with from Gaffney

10 Kline?

11 A. I have no idea anymore.

12 Q. We've been talking generally about
13 the ARPR process, and I know we'll get into it in
14 more detail as we discuss your -- your duties and
15 functions as the GRC.

16 But for the record, can you tell --
17 tell us what the ARPR process is?

18 A. The AR -- ARPR, the Annual Review of
19 Petroleum Resources, is in the process where Shell
20 goes through its reserves estimates annually
21 preparing for the end year reporting of reserves,
22 both internally and also externally, to the SEC and
23 has input into the annual report.

24 Q. Like I said, we're going to get into
25 more detail with it shortly.

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1 REMCO D. AALBERS

2 Where did you go after your -- your
3 stint in Malaysia?

4 A. After Malaysia, I went to -- to
5 The Hague to -- as IPM or SIPM, as it was called
6 later, Shell International Petroleum Maatschappij,
7 and I became the group resource coordinator, the
8 R -- GRC, as you call it, and I also was principal
9 economist, so I actually had a dual job.

10 When I arrived, the GRC was meant to
11 be a job for a couple of months around year end on
12 reserves reporting, and the other part of the year,
13 I was an economist.

14 Q. Okay.

15 A. That was for the first year. That,
16 after all, changed somewhat, and I got involved --
17 I was a business analyst involved in business
18 planning, cap allocation next to my role as the
19 GRC.

20 Q. So I think -- just so I have the
21 dates again, I thought you had said you were in
22 Malaysia from '94 to '97 -- November '97 and then,
23 in November -- or after that --

24 A. In January '98, I started in
25 The Hague --

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1 REMCO D. AALBERS

2 Q. Okay.

3 A. -- because I left in November. I had
4 a couple of weeks off before I started my new job.
5 And as we covered before, we actually -- then I
6 stayed in that job till March 2001, after which I
7 went from my second period to Nederlandse Aardolie
8 Maatschappij.

9 Q. That's NAM?

10 A. That's NAM.

11 MR. HABER: Okay. This is probably a
12 good breaking point, so we can take our first
13 break.

14 THE VIDEOGRAPHER: We're going off
15 the record. The time is 11:13 a.m.

16 (Recess.)

17 THE VIDEOGRAPHER: We are back on the
18 record. The time is 11:25 a.m.

19 BY MR. HABER:

20 Q. Mr. Aalbers, before we broke, I
21 asked you about timing when you came into the GRC
22 position. Before we start our discussion of that,
23 I want to know what happened after.

24 So after you served in the position
25 as group reserves coordinator, where did you go

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1 REMCO D. AALBERS

2 next?

3 A. I went back to the NAM, the
4 Nederlandse Aardolie Maatschappij, and -- as head
5 of development for the Groningen asset.

6 Q. What were your responsibilities as
7 head of development?

8 A. All aspects of development with
9 Groningen fields and the two underground gas
10 storages, Norg and Grypskark, were a part of the
11 system; field development planning; investment
12 decisions, production forecasts; customizations;
13 reserves; everything.

14 Q. I didn't quite catch the field. What
15 field was that?

16 A. It's Groningen, which is the large
17 gas fuel in the northern part of the Netherlands,

18 and two underground gas storages, Norg, N-o-r-g,
19 and Grypskark, G-r-y-p-s-k-a-r-k.

20 Q. And I know I'll pronounce it with a
21 bad American accent -- accent, but is that
22 Groningen; is that right?

23 A. That's right.

24 Q. Okay. And how long have you been in
25 that position?

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2 A. Effective, I've been in that position
3 ever since 2001, and after reorganization in 2003,
4 the role called -- renamed as asset development
5 leader, which is the role I have currently as a
6 development leader for Groningen asset.

7 Q. And are you involved in the ARPR
8 process in your current position?

9 A. I'm -- I'm involved in the ARPR
10 process in reporting the reserves for the fields
11 that are under my responsibility.

12 Q. Okay. And how many fields are under
13 your responsibility?

14 A. Three fields, Groningen, Norg,
15 Grypskark, plus the gas that we have in the Agmar
16 (phonetic) field, but it's not operated by us.

17 Q. I'm sorry?

18 A. But it's not operated by us.

19 Q. Oh. Who is the operator?

20 A. BP.

21 Q. BP is British Petroleum?

22 A. Correct.

23 Q. Is BP the operator of the Groningen
24 field?

25 A. No.

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2 Q. Who is?

3 A. The NAM is.

4 Q. Okay. So that would mean Shell or a
5 portion of -- strike that.

6 A. NAM --

7 Q. Go ahead. If you can tell me what --

8 A. Well, if -- ask the question.

9 Q. Yeah. If you could tell me what the
10 structure of NAM is.

11 A. NAM is a joint venture between Shell
12 and SO Mobil, 50/50 joint venture.

13 Q. Okay. And you mentioned a moment ago
14 that you started as the group reserves coordinator,
15 the GRC, in January of 1998, correct?

16 A. Correct.

17 Q. Okay. How did you come to that
18 position?

19 A. I came from that -- to that position
20 because, while I was in Miri, I requested the group
21 to transfer us back to the Netherlands. And this
22 was a position that they offered me that I could
23 come down to -- come back to.

24 Q. Is this the only position that was
25 offered?

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2 A. They actually also suggested the
3 possibility to go to -- to audit, but that was
4 200 days away from home a year, which I didn't find
5 very attractive at the time.

6 Q. And when you say that you requested
7 the position, was this through Shell's internal
8 application process?

9 A. At the time, we didn't have the
10 current open resourcing system yet. You were
11 basically told where your next job was going to be.
12 You could indicate what your preferences might be,
13 but I requested to go back for private reasons.

14 Q. And so who did you make the request
15 to?

16 A. I can't remember. One of the people
17 involved came out to Miri, and I basically
18 requested to him that I wanted to go back for
19 private reasons.

20 Q. Was it someone in human resources, if
21 you recall?

22 A. Yeah, it was somebody in the skillful
23 management group.

24 Q. Okay. I think, a moment ago, you
25 mentioned Neyet. Did I hear that correctly?

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2 A. I mentioned what?

3 Q. Never mind then. I'm sorry. I
4 thought I heard something -- never mind.

5 When the position -- when you -- when
6 you learned of the position after making the
7 request, did you immediately accept the position?

8 A. Yes.

9 Q. Okay. At that time, did you have an
10 understanding of whether the position was a
11 difficult one to fill at Shell?

12 A. I think the feeling was that it was
13 not a popular position.

14 Q. Okay. What's the basis of that
15 feeling?

16 A. Most reservoir engineers like to work
17 on fields and field development plans, not
18 necessarily on reserves reporting, which was --
19 some of us viewed it as a bit of an accounting
20 activity.

21 Q. And why was it viewed, if you have an
22 understanding, as an accounting activity?

23 A. Because it's taking the data that are
24 supplied by -- for this specific role, by all the
25 operating companies around the world and then

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1 REMCO D. AALBERS

2 basically adding those up and preparing the right
3 reports with all the right delta analysis and all
4 that sort of stuff.

5 Q. At the time you filled the position,
6 who was your predecessor?

7 A. My predecessor actually resigned, so
8 I never actually met him. And I don't, at the
9 moment, recall his name.

10 Q. Do you recall when the resignation
11 occurred?

12 A. I think the resignation had actually
13 occurred quite a while before. I think it was
14 actually just before the reserves reporting cycle
15 in January of '97.

16 Q. Do you know if there was a person in

17 the position who was working on the ARPR process at
18 that time?

19 A. As a temporary helpout, somebody had
20 helped out to correct the data for the year before.

21 Q. Do you recall who that interim person
22 was?

23 A. Wim Swinkels.

24 Q. I'm sorry?

25 A. Wim Swinkels.

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2 Q. Okay. And how long was Mr. Swinkels
3 the temporary, if you will, GRC?

4 A. I don't think he ever formally was
5 the temporary GRC. He just helped out when a job
6 needed to be done, and that was only for the
7 reporting cycle. And then he went back to what his
8 normal role was.

9 Q. And what -- what was his normal role?

10 A. He had a job somewhere in -- in
11 Rijswijk in -- in, I think, at the time, it was
12 so-called KSEPL in one of the technical functions,
13 but he was a reservoir engineer by background.

14 Q. Okay. I'm sorry. I didn't quite
15 hear. Where in Rijswijk?

16 A. In KSEPL. That was the -- the lamp,
17 as we used to call it.

18 Q. Now, KSEPL, did that subsequently get
19 rolled up into Shell Deepwater Services, if you
20 know?

21 A. No, I don't believe they did.

22 Q. Okay. Do you know if they got rolled
23 up into any other type of research organization?

24 A. Yeah. They've changed names a couple
25 of times, and I'm not very good at keeping track of

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1 REMCO D. AALBERS

2 it. I think they rolled up into sort of SEPTAR,
3 and I'm not 100 percent sure what they're called at
4 the moment.

5 Q. Do you know when SEPTAR was formed?

6 A. No.

7 Q. Did SEPTAR have another office?

8 A. They had two offices as far as I'm
9 aware. They had one in Rijswijk and they had one
10 up in -- in the U.S. I think it was in Houston.

11 Q. Okay. Do you know what the Houston
12 SEPTAR office was responsible for doing?

13 A. No.

14 Q. Do you know how the division of labor
15 was decided upon between Rijswijk and Houston?

16 A. I have no idea.

17 Q. Okay. Did SEPTAR exist during your
18 tenure as GRC?

19 A. I can't remember when they exactly
20 were formed. Let me see if I can recall. I think
21 as part of the roll-up happened sort of in the
22 later period of the period that I was the
23 reserves -- the group reserves coordinator. And
24 then sort of the lap changed and the -- Shell Oil
25 got sort of included within the Shell organization.

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1 REMCO D. AALBERS

2 Q. When you're saying "Shell Oil,"
3 that's when the U.S. operation became part of --
4 more formally part of the group for reporting
5 purposes?

6 A. No, not for reporting purposes, more
7 in terms of operating purposes.

8 Q. Okay. Did you have an understanding
9 of why Shell Oil got rolled up?

10 A. Shell bought out the minority
11 shareholders within Shell Oil, I believe, some
12 10 years before, and it took that time to sort of
13 formally make it part of the Shell group for all
14 sorts of different reasons, I believe.

15 Q. Do you know if Shell Oil was
16 separately reporting information to the SEC?

17 A. Yeah. Originally, Shell Oil was a
18 separate list company and they did their own annual
19 reporting to the SEC. When the shareholding -- the
20 minority shareholding was bought out after some
21 point, and Shell Oil delisted and they stopped
22 doing that direct reporting is my understanding.

23 Q. Okay. Do you happen to know when
24 Shell was delisted?

25 A. No, I can't remember the exact year.

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1 REMCO D. AALBERS

2 Q. And again, for the record, when we're
3 talking about delisting, we're referring from the
4 New York Stock Exchange?

5 A. That's my understanding.

6 Q. Okay. Going back to SEPTAR for a
7 moment, do you have an understanding of -- of
8 whether SEPTAR specialized in any type of research
9 or laboratory work?

10 A. I mean, there -- SEPTAR was sort of
11 the -- the technical specialism for the group on --
12 on all sorts of different matters, from -- from
13 well technology, to process engineering or fueling
14 technology or whatever it was, building reservoir
15 simulators, all that sort of stuff. They were the
16 technical center of the group, basically.

17 Q. So there wasn't one particular
18 expertise that SEPTAR had; is that correct?

19 MR. TUTTLE: Objection to form.

20 MR. HABER: I'm sorry.

21 BY MR. HABER:

22 Q. Are you saying the answer was no?

23 A. Not that I'm aware of.

24 Q. Okay. Do you know if SEPTAR
25 functioned as a service provider?

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1 REMCO D. AALBERS

2 A. Service provider to who?

3 Q. To operating units within the group.

4 A. Yeah, in certain cases, they would do
5 that. If operating unit had a specific technical
6 question, they could go to SEPTAR and seek advice.

7 Q. Do you know of any operating units,
8 during your tenure as GRC, that went to SEPTAR for
9 its advice?

10 A. That's a rather broad question. I
11 wasn't in the operating units, but SEPTAR, being
12 the technical advise group, I would expect most of
13 them had questions to SEPTAR at different points in
14 time.

15 Q. Well, let me sort of try to be a

16 little more specific with particular operating
17 units.

18 Do you know if the operating unit in
19 Oman had retained SEPTAR to provide services for
20 it?

21 A. I do not know that in detail.

22 Q. Okay. How about in Malaysia where --
23 where you had been prior to your time as GRC? Was
24 SEPTAR retained?

25 MR. TUTTLE: Objection to form.

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1 REMCO D. AALBERS

2 THE WITNESS: I'm not sure what you
3 mean exactly by the word "retained." Again, like I
4 said before, if we had a specific technical issue
5 which we felt that was especially to send to --
6 that could help us out, we would ask a question to
7 them and we would get an answer to that.

8 BY MR. HABER:

9 Q. Okay. What -- what I was -- what I
10 was referring to, so the record is clear, by
11 "retained" is whether or not a formal agreement
12 between the OU and SEPTAR was entered into whereby,
13 in effect, SEPTAR would be like an independent
14 contractor working on behalf of the OU. That --
15 that was the reference that I was giving.

16 Do you recall if SEPTAR had provided
17 any service to -- to NAM?

18 MR. TUTTLE: Objection to form. Are
19 you asking -- you've got different time frames
20 going here.

21 MR. HABER: Yeah, that's fair --
22 and -- and -- and that's fair.

23 BY MR. HABER:

24 Q. During the time as GRC.

25 A. No, I don't know.

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1 REMCO D. AALBERS

2 Q. And subsequent to your time as GRC,
3 since you've been there from March of 2001 to the
4 present.

5 A. With -- with SEPTAR having sort of
6 the specialisms, sometimes we will have certain

7 projects where we will ask SEPTAR to do some work
8 for us. And that is normally done under the terms
9 of reference or a -- an agreement on -- on -- on
10 the specific type of job, how much -- what they
11 will do for us, what it is we want and how much
12 that will cost. And then, obviously, their charge
13 will be put through to the -- to the operating
14 unit.

15 Q. And when you say -- strike that.

16 Which SEPTAR office do you make these
17 requests to?

18 A. We generally deal with Rijswijk from
19 NAM.

20 Q. Have you ever dealt with the office
21 in Houston?

22 A. From my current position in NAM?

23 Q. Yes.

24 A. No.

25 Q. Okay. Do you know if there's a

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1 REMCO D. AALBERS
2 communication between Rijswijk and Houston of
3 sharing of information on the projects that you've
4 mentioned?

5 MR. TUTTLE: Objection to form.

6 THE WITNESS: Not that I'm aware of.

7 BY MR. HABER:

8 Q. Okay. Does SEPTAR exist in the form
9 of SEPTAR today that it was back in '98 when you
10 started?

11 A. I really don't know. I mean, there
12 have been a number of organizations. I'm not
13 100 percent sure what has exactly changed. I -- I
14 don't really get involved in that bit of the
15 company at the moment.

16 Q. Is it still called SEPTAR?

17 A. I believe parts of it are, but, I --
18 again, I'm not 100 percent sure. I never worry
19 about the names.

20 Q. Okay. That's fair.

21 During your time in NAM, post2001,
22 have you ever sought any advice from SEPTAR in
23 Houston?

24 MR. TUTTLE: Objection; asked and
25 answered.

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1 REMCO D. AALBERS

2 You can tell him again.

3 THE WITNESS: I'm sorry. What did
4 you say?

5 MR. TUTTLE: I said asked and
6 answered.

7 THE WITNESS: I was going to say --

8 MR. HABER: You can answer again.

9 THE WITNESS: I think we've did this
10 before and -- no.

11 BY MR. HABER:

12 Q. I just want to be clear if you,
13 personally, directly sought advice from the SEPTAR
14 office in Houston.

15 A. No.

16 Q. Now, what is -- have you heard of an
17 entity in Shell called EP Global Solutions?

18 A. Yes.

19 Q. Okay. What is that?

20 A. I -- I don't know what that exact --
21 what the exact definition is, but it's -- it's
22 another part of Shell that is trying to use its
23 expertise and help to bring those around the globe
24 to better solutions.

25 Q. Do you know if SEPTAR was rolled into

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1 REMCO D. AALBERS

2 EP Global Solutions?

3 A. I have no idea.

4 Q. All right. Do you know when
5 EP Global Solutions was formed?

6 A. No.

7 Q. Do you know who the head of EPO --
8 EP Global Solutions is today?

9 A. No.

10 Q. Other than as we sit here today, do
11 you know anyone that was the head of
12 EP Global Solutions?

13 A. No, I can't remember.

14 Q. Do you know a gentleman by the name

15 of John Darley?

16 A. Yes.

17 Q. And who is John Darley?

18 A. When I met John Darley, he was in
19 The Hague and he was responsible for the
20 restatement of the reserves.

21 Q. Okay. When you say responsible for,
22 I take it, working on the restatement of the
23 reserves, you're referring -- are you referring to
24 Project Rockford?

25 A. That was one of the words that was

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1 REMCO D. AALBERS

2 there, yes.

3 Q. Okay. Now, do you know if Mr. Darley
4 was an executive who headed EP Global Solutions?

5 A. Like I said, I wasn't -- I'm not sure
6 how all these organizations fitted together. I
7 mean, John Darley was there and what his formal job
8 title was, I actually don't know.

9 Q. Okay. That's fair enough.

10 Let's take a step back further in
11 time going back to your job as GRC. You had
12 testified previously that your predecessor had
13 resigned, I believe, approximately a year before
14 you took over; is that correct?

15 A. Yes.

16 Q. So it was a year of -- of -- of
17 vacancy in that position, correct?

18 A. Yes.

19 Q. Okay. When you started your job as
20 group reserves coordinator, do you recall what you
21 did to get acclimated to the position?

22 A. "To get acclimated to the position"?
23 Can you explain that?

24 Q. What did you to learn what needed to
25 be done for the position?

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1 REMCO D. AALBERS

2 A. I discussed with my boss at the time
3 what his expectations for the job were, I checked
4 what the group guidelines said, I checked what was
5 done in prior years -- that sort of thing.

6 Q. Who was your boss when you came in?

7 A. Fons Claessen.

8 Q. What did Mr. Claessen say to you
9 about the -- his expectations for the position?

10 A. Like I said before, the job was a
11 combined role between group reserves reporting and
12 as a -- a principal economist -- Fons Claessen was
13 actually head of economics at the time. So the
14 understanding was that for the period sort of from
15 the end of the year till, I don't know, maybe say,
16 November, December, running with a peak in January
17 or February, be responsible for making sure that
18 all the data was rolled up and the reporting
19 requirements were fulfilled.

20 When that was over, the other part of
21 the year, I would actually be a principal economist
22 working in support of either economic evaluations
23 or helping OUs out who had problems with economic
24 stuff.

25 Q. We'll touch upon the economics side

0086

1 REMCO D. AALBERS

2 shortly.

3 With regard to the ARPR process in
4 reserves reporting, do you recall Mr. Claessen
5 saying anything in particular about what his
6 expectations were?

7 A. No.

8 Q. Do you recall having discussions with
9 anyone other than Mr. Claessen concerning
10 expectations for the position?

11 A. No, I don't.

12 Q. Who was Mr. Claessen's boss?

13 A. At that stage, I arrived -- it must
14 have been Lew Watts.

15 Q. And how long was Mr. Watts in that
16 position from the time that you started? I saw the
17 look on your face.

18 A. I would guess about a year and a half
19 would be my estimate, but I don't know exactly.

20 Q. And do you recall what the title of
21 Mr. Watts' position was?

22 A. No, I don't.

23 Q. Okay. Do you recall if Mr. Watts had
24 any experience in reserves reporting?

25 A. Can you rephrase? I -- I don't

0087

1 REMCO D. AALBERS

2 understand what you want of me to that question.

3 Q. Well, did -- in speaking with
4 Mr. Watts in -- in your position --

5 A. Yeah.

6 Q. -- did you get the sense that he had
7 experience with regard to reporting reserves to the
8 public or the SEC?

9 MR. TUTTLE: Objection; foundation.

10 THE WITNESS: As far as I'm aware,
11 all -- his experience was that he had been
12 responsible for the people doing that in the role
13 he was in. That was as far as I'm aware of his
14 experience on that point. He hadn't been a
15 reservoir engineer and hadn't done reserves
16 reporting himself as far as I'm aware.

17 BY MR. HABER:

18 Q. Okay. And you testified that he, you
19 believe, was in that position for about a year and
20 a half from the point in time when you started --

21 A. Um-hum.

22 Q. -- in January of '98.

23 Who succeeded Mr. Watts?

24 A. Roelof Platenkamp.

25 Q. Is Mr. Platenkamp a reservoir

0088

1 REMCO D. AALBERS

2 engineer?

3 A. Yes, he is.

4 Q. Okay. Now, when you say "he is," is
5 he -- did he receive a degree in reservoir
6 engineering, if you know?

7 A. No, I don't, but he was a reservoir
8 engineer through the start of his Shell career.

9 Q. And is the basis for that knowledge
10 discussions with Mr. Platenkamp?

11 A. That he was a reservoir engineer?

12 Q. Yes.

13 A. No. I also know he was a reservoir

14 engineer because he was in the reservoir
15 engineering department in the period I was first in
16 NAM.

17 Q. Okay. Do you know where
18 Mr. Platenkamp had been before he succeeded Lew
19 Watts?

20 A. I recall Mr. Platenkamp has been in
21 several places. He's been in Venezuela, he's been
22 in Oman, he's worked on the States, obviously had
23 been in NAM.

24 Q. Do you recall, immediately prior to
25 succeeding Mr. Watts, where he was?

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2 A. No, I'm not 100 percent sure about
3 the chronological order.

4 Q. Okay.

5 A. I think he came from Oman, but I'm
6 not 100 percent sure.

7 Q. And the operating unit in Oman is
8 PDO; is that correct?

9 A. Petroleum Development Oman.

10 Q. Okay. And just for the record, Lew
11 Watts, is he any relation to Philip Watts?

12 A. No.

13 Q. And who is Philip Watts?

14 A. Phil Watts is our boss, the head of
15 the Shell group and, before that, he was head of
16 exploration and production.

17 Q. So during your tenure as group
18 reserves coordinator, Phil Watts served as the head
19 of exploration and production --

20 A. Yes.

21 Q. -- is that correct?

22 A. Yes.

23 Q. Okay. Now, going back to
24 Mr. Platenkamp as a reservoir engineer, was it your
25 understanding that he had experience with regard to

0090

1 REMCO D. AALBERS

2 reserves reporting?

3 A. Yes.

4 Q. Okay. A moment ago, you had

5 mentioned a person by the name of Aidan McKay,

6 correct?

7 A. Yes.

8 Q. Okay. Who is Mr. McKay in this
9 organizational structure?

10 A. Initially, I reported to Fons
11 Claessen. Then there was a restructuring, and
12 reserves moved from sort of hanging in with
13 economics, went to the business planning group. My
14 boss became Wouter van Dorp, who was head of
15 business planning. And when Wouter left, Aidan
16 McKay followed after Wouter van Dorp, so I then
17 reported to Aidan McKay as head of business
18 planning.

19 And -- and at that point -- so Aidan
20 then reported to Roelof Platenkamp, who at that
21 point -- I think the job title then was something
22 about economic strategy and business planning
23 was -- but I'm not quite sure what the first
24 word -- manager or some word like that.

25 Q. So when you were doing work for the

0091

1 REMCO D. AALBERS

2 ARPR, who did -- who did you immediately report to?

3 MR. TUTTLE: Objection. Can I have a
4 time frame? He just testified that his -- he
5 roamed --

6 MR. HABER: No, no, no, that's --
7 that's absolutely fair. I was on the
8 Roelof Platenkamp, Aidan McKay -- I'm sorry.

9 BY MR. HABER:

10 Q. Let's -- let's start in the
11 beginning.

12 When you first started and you were
13 working on the ARPR, who did you immediately report
14 to?

15 A. In the first year, to Fons Claessen;
16 thereafter, to Wouter van Dorp; and thereafter, to
17 Aidan McKay.

18 Q. Okay. And when you were doing your
19 work as a -- as a senior economist doing the
20 business planning and the like, who -- who did you
21 immediately report to, again, starting in '98

22 forward?

23 MR. TUTTLE: Objection to the form,
24 because it mashes together a couple of positions
25 he's testified about. But he can sort it out.

0092

1 REMCO D. AALBERS

2 THE WITNESS: I will.

3 MR. HABER: Yeah, if -- if he can. I
4 want to make sure I get this right.

5 BY MR. HABER:

6 Q. So if you can sort it out.

7 A. The first year, I had a dual role as
8 GRC plus principal economist. In that role, I
9 reported to Fons Claessen. After that, I moved to
10 a job which was business analyst and GRC, in which
11 role, I initially reported to Wouter van Dorp and
12 then, after, when Wouter left, to Aidan McKay.

13 So I was no longer involved in
14 economics when that move happened, but I was
15 involved in business planning and cap allocation
16 for the group.

17 Q. Okay. And where did Lew Watts and,
18 later, Roelof Platenkamp fit into all of this?

19 A. My bosses reported -- initially, Fons
20 reported to Lew and -- I think Wouter initially
21 reported to Lew and then, later on, to Roelof
22 before he left, and Aidan reported to Roelof.

23 Q. Okay. Now, do you recall how long
24 Mr. Platenkamp stayed in his position?

25 A. I think just under two years or

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1 REMCO D. AALBERS

2 something -- yeah, just under two years, I think.

3 Q. Did he stay in that position after
4 you had left the GRC role?

5 A. No. He had already left before I
6 left.

7 Q. Okay. And do you recall where he
8 went?

9 A. Initially, he went to some sort of
10 special project within the center.

11 Q. Do you know what that special project
12 was?

13 A. No. Some of them were coded

14 projects.

15 Q. After this special project, do you
16 know where he went?

17 A. Yes. After that, he went to the
18 Nederlandse Aardolie Maatschappij.

19 Q. When he left his position in EP, do
20 you know if it was voluntary?

21 A. Yes, I believe so.

22 Q. Did you speak to him when he left?

23 A. Yes.

24 Q. And did you discuss the fact that he
25 was leaving EP with him?

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1 REMCO D. AALBERS

2 A. Sorry. At what point in time are you
3 talking now? Was leaving to where?

4 Q. This special project, when he left EP
5 to go to the special project in The Hague.

6 MR. TUTTLE: Object to the form and
7 to the characterization.

8 THE WITNESS: As I understand it, he
9 was looking for another senior position in the
10 group, which he couldn't find at that time
11 directly.

12 BY MR. HABER:

13 Q. Okay. Going back to the original
14 question that started all this, I asked you about
15 what did you do to sort of learn the position. One
16 of the things you said was you reviewed the group
17 guidelines.

18 Can you be a little bit more specific
19 as to what you did in that regard?

20 MR. TUTTLE: Object to form.

21 You can answer.

22 THE WITNESS: Read -- read the
23 document that -- that was there and I made sure
24 that I was fully cleared on all the elements that
25 had to be reported by the different operating units

0095

1 REMCO D. AALBERS

2 in the coming cycle.

3 BY MR. HABER:

4 Q. Well, how did you satisfy yourself
5 that you had an -- an understanding of all the
6 elements -- elements that had to be reported by the
7 different OUs within the cycle?

8 A. Well, I mean, I had been involved in
9 reserves reporting on a number of prior positions
10 and had been a reservoir engineer. So, I mean, the
11 largest part of it I knew already. Just in this --
12 in that specific role, I wanted to make sure that I
13 had all the details even further in the front of my
14 memory.

15 Q. Okay. At the time you reviewed the
16 guidelines, which guidelines were in effect?

17 A. The '97 version of the guidelines.

18 Q. Okay. As I understand it, there were
19 revisions to the guidelines subsequent to '97; is
20 that correct?

21 A. Yes.

22 Q. Okay. We'll talk about those in a
23 few moments.

24 You also said that one of the things
25 that you did in order to learn the position was

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2 check prior years' materials.

3 Do you recall what you checked?

4 A. Just the submissions from the
5 operating units that came in, what they looked like
6 and what was there.

7 Q. Do you recall checking any audit
8 reports from the group reserves auditor?

9 A. Not specifically, but I'm sure I
10 looked at those as well.

11 Q. At the time you started in the
12 position, who was the group reserves auditor?

13 A. Ad de la Mar.

14 Q. Do you know how long Mr. la Mar had
15 been in that position?

16 A. No, but for a number of years.

17 Q. Okay. Do you know if Mr. la Mar was
18 a reservoir engineer?

19 A. Yes, he was.

20 Q. And how long, from the time you

21 started as GRC, did Mr. la Mar serve as the GRA,
22 the group reserves auditor?

23 A. Less than a year, because he retired
24 at that point.

25 Q. Okay. And do you know who succeeded
0097

1 REMCO D. AALBERS

2 Mr. Lamar?

3 A. Anton Barendregt.

4 Q. I promise you that's another name
5 that I'll Americanize.

6 When you -- when you started the
7 position in January '98, do you recall having any
8 discussions with Mr. la Mar --

9 A. Yes.

10 Q. -- about the position?

11 A. Yes.

12 Q. Okay. Do you recall when you had
13 these discussions?

14 A. In January '97 -- '98.

15 Q. Okay. And do you recall the
16 substance of these discussions?

17 A. Not in a lot of detail, but the way
18 it was set up at the time was that Ad de la Mar
19 actually took care of almost all of the prove
20 reserves elements of the reserves booking.

21 Q. And when you say he took care of
22 almost all of the proved reserves or the elements
23 of the proved reserves booking, what do you mean?

24 A. Ad de la Mar basically prepared
25 the -- the -- the summary tables for -- for the
0098

1 REMCO D. AALBERS

2 reserves and -- and did the basic review of the
3 data.

4 Q. Do you have an understanding of what
5 he did in reviewing the data?

6 A. He checked the -- the comments of the
7 operating units on their changes, he checked
8 versus -- the fines that he made during is audits
9 for that specific year and -- and rolled up the
10 totals and -- and explained where the changes were
11 and what -- what caused them.

12 Q. Now, do you know if he compared any
13 of the information received from the OUs against
14 Shell's guidelines?

15 A. I assume he did.

16 Q. Do you know?

17 A. I mean, his role as the auditor was
18 when he actually went out in -- in the operating
19 units, he had to check the process of the reserves
20 reporting and that -- that was in line with the
21 guidelines, so that was his role.

22 Q. Do you know if he also checked to see
23 if the OUs were reporting information that was in
24 line with the SEC Rule 4-10?

25 A. The principal check that he did was
0099

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2 checking the reporting against the group
3 guidelines. The reporting of the proved reserves
4 or the -- the P85, as we generally called them in
5 those days, through the guidelines were supposed to
6 be in line with the SEC reporting.

7 Q. Do you know, at the time you started,
8 if the guidelines were in compliance with the
9 SEC rule?

10 A. Yes. The understanding was that the
11 group guidelines were in line with reporting of the
12 SEC rules.

13 Q. Okay. Now, a moment ago, you
14 mentioned P85. And, again, for the record, can you
15 explain what you mean?

16 A. P85 is the 85 percent certainty if
17 you do a probabilistic reserves estimate.

18 Q. What is a probabilistic reserves
19 estimate?

20 A. A probabilistic reserves estimate is
21 an attempt to reflect all the uncertainties in the
22 parameters that you need to actually make an
23 estimate of reserves, which is the size of the
24 accumulation, the porosity in the reservoir or
25 saturation, expansion factors, all those elements,

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2 recovery factor.

3 And if you look at all those

4 parameters individually and take the uncertainty
5 ranges, you can use statistical methods to sort of
6 work out a probability density curve, which then
7 gives you the spread of the uncertainty. And you
8 can then work out what is a P85, so really a
9 certain number, an expectation, which is something
10 that is referred to as the most likely, or a P15,
11 which we then refer to as a high number.

12 Q. I'm sorry. P50?

13 A. P15, 1-5.

14 Q. P15. Okay.

15 A. The expectation is something called
16 the P50, but it's actually the mean of the
17 distribution.

18 Q. Now, is -- P85, is that considered to
19 be a conservative analysis?

20 A. Yes.

21 Q. Now, what would be considered a
22 nonconservative or a very lenient analysis?

23 A. P15 would be a very, very lean
24 analysis.

25 Q. Okay.

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2 A. It's a high estimate.

3 Q. Okay. Have you ever heard of another
4 methodology called deterministic?

5 A. Yes.

6 Q. What is deterministic?

7 A. Deterministic basically means that
8 you pick one number for all of the individual
9 parameters that you need for reserves estimate and
10 you just multiply those out to get an end number.

11 Q. Now, is the deterministic methodology
12 considered conservative?

13 A. It depends on what parameters you
14 pick to do the analysis.

15 Q. At the time -- at the time you
16 started, was Shell using deterministic methodology?

17 A. No; Shell was using the probabilistic
18 methodology.

19 Q. Okay. Did there come a time when

20 Shell changed over to the deterministic?

21 A. After 2004 and the restatement, we've
22 largely moved to a fully deterministic method.

23 Q. At the time you started in the GRC
24 position, what methodology was the preferred
25 methodology by the SEC?

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2 MR. TUTTLE: Objection; foundation.

3 MR. HABER: I'll rephrase.

4 BY MR. HABER:

5 Q. Did you know if the SEC had a
6 preferred methodology?

7 A. I believe the SEC had -- that
8 preferred methodology was a deterministic, but they
9 had clearly indicated the probabilistic was also
10 allowed.

11 Q. Now, a moment ago, you had -- I had
12 asked you if deterministic was conservative, and
13 your response was it depends on how you set the
14 parameters.

15 What do you mean by that?

16 A. If you look at the reserves estimate,
17 you cannot actually go down and actually measure
18 the molecules, so you have to make estimates of all
19 the parameters involved, and there are uncertainty
20 ranges.

21 So if you pick a high number in your
22 uncertainty range for all of your parameters, you
23 would actually end up with a determine --
24 deterministic high estimate. You could also pick
25 all small numbers and come up with maybe a

0103

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2 deterministic low estimate.

3 Q. Did the SEC provide any guidance on
4 how to set the parameters?

5 A. Prior to 2001, if you look at the
6 FASB rules and the S6, there's no mentioning on how
7 the parameters should be set, but that the overall
8 estimate needs to be reasonably certain --

9 Q. And --

10 A. -- to be considered proved.

11 Q. Okay. And sub -- and subsequent to

12 2001?

13 A. And if you look at the clarification
14 from the -- the SEC staff, they give more
15 indication of what they mean when they talk about
16 reasonably certain and what sort of elements
17 they're looking for.

18 MR. HABER: I'm told that we're about
19 to run out of tape. So if we can just take
20 two minutes so that we can change it out.

21 THE VIDEOGRAPHER: This marks the end
22 of Tape 1 in the deposition of Mr. Aalbers. We're
23 going off the record. The time is 12:10 p.m.

24 (Discussion off the record.)

25 THE VIDEOGRAPHER: This marks the
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2 beginning of Tape 2 in the deposition of
3 Mr. Aalbers. We are back on the record. The time
4 is 12:16 p.m.

5 BY MR. HABER:

6 Q. Mr. Aalbers, right before we broke,
7 you mentioned clarifications from the SEC staff.

8 Can you be a little bit more specific
9 which interpretive guidance you're referring to?

10 A. This is a note that was, I think,
11 formerly published in early 2001.

12 Q. And does March sound right?

13 I'm sorry. You have to verbalize --

14 A. Sorry. Yes --

15 Q. Thank you.

16 A. -- it's about the right time frame.

17 Q. Okay. Now, I asked you about
18 discussions with Mr. de la Mar, and you responded
19 by telling me what he had done. And I just want to
20 get into the discussions that you had with him
21 about your role as the GRC.

22 So can you elaborate a little bit
23 further?

24 A. Like I said, Ad de la Mar was doing
25 most of the proved reserves roll-up, and from the

0105

1 REMCO D. AALBERS

2 discussion, he made clear that everything
3 concerning prove reserves was really something that
4 he did; that I had sort of mainly to worry about
5 expectation, scope for recovery and other
6 categories.

7 Q. Did he explain why he was ostensibly
8 shutting you out of the process?

9 MR. TUTTLE: Objection to form;
10 characterization.

11 BY MR. HABER:

12 Q. Is that a fair characterization?

13 A. I believe he indicated that that's
14 the way he had been doing it for a number of years.

15 Q. Okay. Did you provide any pushback?

16 A. I don't know if it's called
17 "pushback." I certainly made sure I looked at all
18 the numbers to make sure that all the submissions
19 were -- were there and complete and at least
20 internally made sense for as much as possible in
21 that year, because I just arrived in the job. And
22 I believe, about three weeks later, the submissions
23 came in; so it was rather short notice.

24 Q. Did your role in the process change
25 in the following ARPR cycle?

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2 A. Yes. When Ad de la Mar left and
3 Anton took over his role, we agreed that the actual
4 rolling of the numbers chasing with the OUs was
5 really with the group reserves coordinator and that
6 the group reserves auditor would check the numbers,
7 but not actually do the process, more in the audit
8 role, as you would sort of expect that sort of an
9 interaction to be.

10 Q. So is it fair to say, then, that the
11 GRC was the person who would principally be
12 responsible for challenging the OUs with regard to
13 their submissions?

14 MR. TUTTLE: Objection to form;
15 foundation.

16 BY MR. HABER:

17 Q. You can answer.

18 A. The reserves reporting had a number

19 of steps. The reporting of the numbers initially
20 was the responsibility within the OUs, and the
21 challenge process was within the OU line management
22 before they actually submitted the numbers to the
23 center.

24 Over the -- over the period, we -- or
25 I increased the challenge that was coming from the
0107

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2 group to make sure that the numbers made sense.
3 But it wasn't our role or it wasn't my role to
4 actually directly look at whether or not the
5 numbers themselves, from a technical point of view,
6 were right, because that was done in the OU and
7 that process was checked through the annual -- or
8 the -- the -- the -- the regular reserves audits
9 that were done by Anton Barendregt at that time.

10 Q. So when you say that it wasn't your
11 role to actually look at the numbers from a
12 technical point of view, then from what point of
13 view were you looking at the numbers?

14 A. We were looking at -- at -- at
15 whether or not the -- the major changes were in
16 line with the group guidelines and that the
17 explanation of the changes actually made sense and
18 whether or not we felt that they were the -- met
19 the technical commercial -- the technical
20 commercial maturity criteria that we -- we needed
21 to report the reserves.

22 Q. And when you say "major changes,"
23 what are you referring to? What are some examples?

24 A. Major changes would be bookings of
25 new fields that hadn't been booked before that were

0108

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2 significant within the reporting of -- of any
3 specific OU.

4 Q. Now, is this bookings only with
5 regard to proved reserves or any type of
6 hydrocarbon resource?

7 A. No. In principal, we looked at --
8 at -- at -- at any significant booking. I mean, it
9 could also be just a new field had been discovered

10 and we reported a scope for recovery for that year.

11 I mean, we looked at both, the proved, the
12 expectation, the scope, the exploration history.

13 There was also statistical data that
14 needs to be reported. I mean, all those elements
15 were looked into as well and -- and challenged and
16 corrected where -- if things were reported
17 erroneously.

18 Q. Now, how would you go about, from the
19 EP end, challenging a submission from an OU?

20 A. It's -- it's -- it's partly
21 understanding the -- the EP business and -- and
22 what was happening throughout the year. So certain
23 things that new had taken part throughout the year,
24 you would expect to see back in the reserves
25 submissions. And if you wouldn't, then there's

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2 obviously something not right.

3 And in some cases, numbers reported
4 in different elements of the submission just
5 wouldn't hang together, and you would go, yeah, but
6 if you say that here, then why don't I see
7 something else happening there? And we were trying
8 to get that sort of consistent logic throughout the
9 reporting.

10 Q. And when you gave -- when you engaged
11 in this challenge process, who did you speak to at
12 the OU level?

13 A. The initial point of contact is
14 normally the local reserves coordinator in the OU
15 who actually does the submissions, so the challenge
16 would normally run through them. Depending on --
17 on what the issue was, in some cases, the business
18 advisor might be involved in the discussion.

19 Q. Would you discuss the challenge with
20 the regional business director?

21 A. That's what I said. In some cases,
22 they would be involved as well.

23 Q. Okay. I'm sorry. I didn't -- I
24 thought it was someone else. I thought it was the
25 local reserves coordinator. Then you mentioned the

0110

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2 business advisor. Is there --

3 A. What I said was the initial challenge
4 would be with the local reserves coordinator and,
5 in some cases, depending on what the issue was, the
6 regional business advisor would be involved in the
7 challenge process.

8 Q. That's what I want to know. Is there
9 a difference between a regional business advisor
10 and a regional business director?

11 A. Yes. The regional business director
12 is actually the responsible actor for one of the
13 four regions that we had at the time, and he has a
14 number of regional business advisors reporting to
15 him who look after one or two or sometimes three
16 specific countries.

17 Q. So other than the regional business
18 advisor, would you, again, within the challenge
19 process, have communications with the regional
20 business director?

21 A. Generally speaking, the discussion
22 would run through the regional business advisor,
23 who would do the discussion with the regional
24 business director.

25 Q. Have you ever heard of BusCom?

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2 A. Yes.

3 Q. What is BusCom?

4 A. BusCom -- BusCom was the business
5 committee. So that was the regional business
6 directors with the head of EP and -- and there were
7 a number of other people in the BusCom. I believe
8 there was a finance -- head of finance was there
9 and the head of -- the head of planning. So a
10 number of people were -- that was the governing
11 body of -- of basically the EP Company.

12 Q. Okay. And did BusCom subsequently
13 change its name?

14 A. Yeah, they changed to ExCom,
15 Executive Committee.

16 Q. And did the composition of the
17 committee change in any way?

18 A. There were changes over time, so it
19 depends on what point in time. I mean, at the
20 actual changeover, it was the same members, but
21 people did sort of -- I mean, as people moved jobs
22 that -- were other people sometimes were involved
23 for different regions.

24 Q. Well, I'm not talking about
25 individual people. I'm talking about positions.

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2 As I understand it, all other regional business
3 directors served on the ExCom with the head of EP.

4 Were there -- was there anyone else
5 that served as a member of ExCom?

6 MR. TUTTLE: Objection; foundation.

7 You can answer.

8 THE WITNESS: Well, on ExCom, like,
9 there was -- there was also the head of finance,
10 and I think there were one or two other positions
11 within the EP ExCom, but I don't know the exact
12 composition.

13 BY MR. HABER:

14 Q. When you started, who was the head of
15 finance?

16 A. I think it was Laurent Renard or
17 something -- somebody, something along those lines.

18 Q. And, again, so the record is clear,
19 are we talking about the head of finance in EP --

20 A. Yes.

21 Q. -- or the group?

22 A. No; EP.

23 Q. Okay. Did -- and I didn't quite get
24 the name of -- of that person.

25 How long was that person the head of

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2 finance?

3 A. Well, my pronunciation of it's not so
4 good. It's a Dutch version of a French word.
5 Laurent Renard is what I believe it is.

6 Q. Okay. And is that a man?

7 A. Yes.

8 Q. Okay. And how long was he in that

9 position, if you recall?

10 MR. TUTTLE: You mean after he came
11 into --

12 MR. HABER: Yes.

13 THE WITNESS: Just over a year would
14 be my guess.

15 BY MR. HABER:

16 Q. Okay. And -- and who succeeded him,
17 if you know?

18 A. Dominique Gardy.

19 Q. Okay. Mr. Gardy is also French?

20 A. I believe so.

21 Q. And how long did Mr. Gardy serve in
22 that position as head of finance?

23 A. Again, related to my --

24 Q. Yes.

25 A. I think until the end that I left the

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2 job and went to NAM.

3 Q. Okay. Now, did you have any
4 interaction with the head of finance in your
5 position as GRC?

6 A. Yes, I would have.

7 Q. And -- and what was the nature of
8 that interaction?

9 A. Generally speaking, if there were
10 specific reserves issues.

11 Q. What -- what type of reserves issues
12 would cause you to speak with the head of finance?

13 A. It could be in -- in -- in maybe
14 cases where there was a -- an audit paper on how
15 certain reserves need to be reported. And at the
16 end of my tenure, he was also involved when we were
17 going to get the final signoff by the reserves, by
18 Mr. Phil Watts.

19 Q. You're referring, now, at some point,
20 the ARPR final numbers needed to be signed off by
21 Philip Watts? Is that what you're referring to?

22 A. Not the total ARPR, specifically the
23 proved reserves for the external reporting. As --
24 as we moved to ExCom and -- and the reporting roles
25 of the different directors changed, it was felt at

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1 REMCO D. AALBERS

2 some point by -- by finance that the head of EP had
3 to formally sign off on the reserves before they
4 could be published.

5 Q. Did anyone other than Mr. Watts sign
6 off on the numbers?

7 A. Again, it depends on -- on the time
8 you're talking about. Initially, reserves got
9 signed off by Lew Watts' boss that was Hank Dehard
10 (phonetic) at the time. I'm not 100 percent sure
11 what his formal role was. He was an ExCom. He was
12 head of planning or head of EP, EPS, whatever we
13 called it at the time.

14 So originally, that was the line with
15 reserves got signed off. Then, one year, he signed
16 off -- that -- that position signed off, and Lew
17 countersigned and, I believe the year thereafter,
18 the former signoff was by -- by Phil himself.

19 Q. And did anyone countersign with
20 Mr. Watts? And that's Phil Watts.

21 A. That's Phil Watts.

22 I can't recall whether or not anybody
23 countersigned. I think Dominique Gardy had a role,
24 but I don't understand -- I don't remember exactly
25 how that last year went, what signatures were

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2 there.

3 Q. Okay. Now, with regard to the
4 signoff by Philip Watts, do you recall when that
5 was initiated?

6 MR. TUTTLE: You mean when, calendar
7 year, or when, during the year?

8 MR. HABER: Let's take calendar year.

9 THE WITNESS: Calendar year?

10 BY MR. HABER:

11 Q. Yeah. And while you're thinking, let
12 me just add, if it's easier to think in terms of
13 the closeout year, then let me know as well.

14 A. I think it was -- no. I believe it
15 was for 2000, so the year when I left, but I'm not
16 100 percent sure. It could have been the year

17 before. I'm not 100 percent remember.

18 Q. So you say "2000," you're talking
19 about the roll-up, if you will, of -- of reserves
20 in 2000, which is reported in early 2001?

21 A. Yes.

22 Q. Okay. Now, did you have any
23 interaction with Philip Watts in connection with
24 the signoff?

25 A. For that one signoff, we had a --

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2 sort of a teleconference and -- with Mr. Watts
3 and -- and Dominique Gardy and myself.

4 Q. Other than Mr. Watts, Mr. Gardy and
5 yourself, was there anyone else who participated in
6 this teleconference?

7 A. I believe not.

8 Q. Okay. And just so I'm clear, was
9 this a teleconference or a videoconference?

10 A. It was sort of a PC-type
11 videoconference.

12 Q. Okay. When you say a "PC-type," it
13 was --

14 A. On a computer screen.

15 Q. Okay. Now, do you recall how long
16 this conference lasted?

17 A. No, I don't. But to my recollection,
18 it wasn't very long.

19 Q. Do you recall the sum and substance
20 of what was discussed?

21 A. No, I don't.

22 Q. Okay. Do you recall if the proved
23 reserves figures for year-end 2000 were discussed?

24 A. That was what the conference was on.

25 Q. Okay. I'm just trying to refresh

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2 your recollection.

3 Was there any discussion of
4 whether -- strike that.

5 Was there any discussion concerning
6 internal targets for proved reserves?

7 A. Like I've said before, I'm not

8 100 percent sure what the exact discussion was. I

9 just -- I just don't recall. It was a fairly

10 brief, in my mind, uneventful meeting where

11 everything had been cleared before. And just

12 before it was signed, this meeting was set up and

13 there was just no outstanding issues. So there

14 wasn't anything specific about the meeting.

15 Q. Now, you say prior to the meeting,

16 everything was cleared.

17 What are you referring to?

18 A. The reserves get reported beforehand

19 to ExCom, and -- and they had been supported by

20 the -- by KPMG and by the -- by the group auditor,

21 so all sort of the steps in the -- in the process

22 had been taken and had been closed out. So it was

23 just the final signature on the final document.

24 Q. And at that time, did Mr. Watts serve

25 on the ExCom?

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2 A. Yes.

3 Q. So it's fair to say that he would

4 have already seen the -- the figures before the

5 videoconference?

6 A. Yes.

7 Q. Is it your understanding that

8 Mr. Watts signed -- signed off on the figures?

9 A. Yes.

10 Q. Okay. What happened -- once he

11 signed off on the numbers, what happened -- what

12 happens next in the process?

13 A. Well, ultimately, the reserves get

14 rolled into the annual report and -- and the 20F

15 that gets reported to the SEC.

16 Q. So the numbers -- to your knowledge,

17 the numbers that Mr. Watts signed off on, those get

18 reported publicly in the annual -- annual report

19 and the SEC 20F?

20 A. The proof -- yeah, the prove reserves

21 that he signs off gets published, yes.

22 Q. Okay. And at -- once he signs off,

23 are changes made to those numbers?

24 A. No.

25 Q. Okay. Do you know if the numbers

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2 that he signed off on, as a consequence of the
3 videoconference, were the same numbers that were
4 reported to the ExCom prior to the videoconference?

5 MR. TUTTLE: Objection to form;
6 foundation; characterization.

7 THE WITNESS: I don't recall. In
8 principal, when the numbers get reported to ExCom,
9 they're like 99 percent ready. There's maybe one
10 or two small outstanding issues. For all practical
11 purposes, there would have been the same numbers,
12 despite sort of a minor correction or a typo or
13 something that was found somewhere before we sort
14 of completed the whole process.

15 BY MR. HABER:

16 Q. But in substance, they're --

17 A. In substance, there -- there wouldn't
18 be any difference.

19 Q. Okay. Now, you mentioned before that
20 the numbers are reported to the ExCom and then
21 they're supported by KPMG.

22 Can you walk me through the process a
23 little bit more on how the numbers get to ExCom to
24 then approval by KPMG?

25 MR. TUTTLE: Objection to form;

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2 mischaracterizes prior testimony.

3 BY MR. HABER:

4 Q. You can answer.

5 A. It's -- it's -- it's actually a
6 parallel process where KPMG get involved as of the
7 point where the reserves are being submitted by the
8 operating units to the center.

9 As part of the sort of -- and I'm
10 talking post, not the first year, not in '98, but
11 the years thereafter where -- where we sort of
12 changed the process somewhere around, and Alton was
13 involved.

14 There was the challenge process and
15 we basically made sure that we were happy that the

16 submissions were basically correct, there were no
17 missing data, the data was consistent and we were
18 happy with it.

19 For those OUs that we were happy with
20 submission data, those would get provided to -- to
21 KPMG, who would then do their checking of those
22 numbers, basically comparing it to prior years, see
23 if the changes made sense, look at trends. They --
24 they generally would have picked things up during
25 the year that were public knowledge on -- on -- on
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2 big things that had happened, and they would make
3 sure that these were reflected one way or the
4 other.

5 So as part of the process, they would
6 go through all those numbers and, at the end of the
7 day when we produced the final table, they would,
8 in their reports, basically support the -- the
9 numbers, they would check that all the numbers
10 were -- actually the numbers of -- if the report
11 from the OU was one, that it was one in the end
12 number, that there wasn't sort of a change in
13 number. So the physical checking of the actual
14 numbers was also part of the process. So they were
15 happy with the whole -- the whole thing.

16 Q. Now, I think you said -- you referred
17 to it as a parallel process?

18 A. Yeah. Because you -- I said sort of
19 the process from going to ExCom and then getting
20 KPMG approval. Like I said, we -- we usually go to
21 ExCom and, a few of the times, squeeze just before
22 everything was ready. So when we went to ExCom, we
23 went with the -- the almost ready products and --
24 as far as we were happy.

25 We were still finalizing sort of
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2 the -- the KPMG audit at that point and moving
3 towards the reserves, if you -- with both KPMG and
4 the -- and the external auditors, KPMG,
5 Price Waterhouse, in that function as the group
6 auditors.

7 And that would normally happen just

8 after -- somewhat after the ExCom initial
9 presentation, and anything that might have to have
10 been resolved there that would then roll back into
11 the numbers if there was a major change required
12 from -- from ExCom and prior to sort of finalizing
13 the numbers to be able to sort of publish the --
14 the quarterly results and we can then roll it back
15 into the annual report.

16 Q. Now, was KPMG and Price Waterhouse,
17 were they involved in the ARPR process prior to
18 what you've just described?

19 A. You've got to look at
20 KPMG/Price Waterhouse in two separate functions.
21 There's KPMG and Price Waterhouse in their role as
22 group auditor. They get involved at the end at --
23 when the numbers are ready. KPMG, in their role
24 towards the group auditors, would be involved in
25 the checking of the reserves element of the annual
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2 reporting.

3 I mean, there's also other financial
4 elements which were done under the role that the
5 two prior have as the group auditors.

6 Q. Well, I guess what I'm -- what I'm
7 trying to get a handle on was -- was KPMG and
8 Price Waterhouse -- during the ARPR process, were
9 they receiving reports on the reserves information
10 that was coming from your office or the OUs?

11 MR. TUTTLE: Objection to form.

12 You can answer.

13 THE WITNESS: No. KPMG and
14 Price Waterhouse, in their role as group auditors,
15 were not receiving that. The liaison was through
16 KPMG and their role as the -- the external sort of
17 the -- checking the reserves as part of the
18 reserves process.

19 BY MR. HABER:

20 Q. So in that role, were they part of
21 the process?

22 MR. TUTTLE: Objection to form.

23 THE WITNESS: It depends what you

24 mean by the word "process." I mean, were they part
25 of getting the reserves to a position where we
0125

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2 could actually publish them? The answer is yes.

3 BY MR. HABER:

4 Q. Okay. And -- and how did they do
5 that?

6 A. They did that through a number of
7 people that would review the submissions and, like
8 I described before, there were a number of steps.
9 They would check the factual correctness of the
10 final submissions rolling into the totals, so
11 literally the accountancy trying to check that
12 every number is exactly the same, there's no
13 changes anywhere between what is submitted and what
14 goes into the total, and also checking whether or
15 not the -- the changes that they're seeing make
16 sense and can be properly explained.

17 Q. Do you recall who from KPMG
18 participated in the process?

19 MR. TUTTLE: Objection to form.

20 You can answer.

21 BY MR. HABER:

22 Q. You can answer.

23 A. The responsible partner for KPMG was
24 Egbert Eeftink at that time.

25 Q. And is this a -- a man?

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2 A. That's a man, yes.

3 Q. Okay. And did -- did Mr. Eeftink?

4 A. Eeftink.

5 Q. Eeftink have anyone assist him?

6 A. Yes, there was -- there were normally
7 a number of people who did the -- the actual
8 checking. One of the people was Ian Korsovech
9 (phonetic) and they normally had every year a
10 number of assistants whose names I -- I honestly
11 can't remember.

12 Q. Okay. And the same question with
13 regard to Price Waterhouse, who was principally --
14 principally responsible.

15 A. I don't recall their names. There
16 were -- Price Waterhouse wasn't directly involved
17 in checking of the reserves numbers as part of the
18 process of getting the final set. They were
19 involved as the group auditors in the final
20 reserves meeting where we, Shell, would sort of
21 present our numbers, KPMG will present their
22 findings, including Anton. And then, in their
23 role, they would accept that that was ready and
24 okay and we could report that.

25 Q. Now, was that a separate meeting

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2 where KPMG would sort of present their findings?

3 A. Yes.

4 Q. Okay. And -- and, typically, where
5 was that held?

6 A. When I joined, it was typically in
7 London. Lamar used to go to London, but when
8 Anton Barendregt came, we actually would have had
9 the meeting in The Hague.

10 Q. Okay. And was that true throughout
11 your tenure as GRC?

12 A. Yes.

13 Q. And how long did these meetings last?

14 A. I -- I honestly can't -- my
15 recollection would be something like two to three
16 hours.

17 Q. Did KPMG prepare a report for
18 distribution at the meeting?

19 A. They prepared a report on their
20 findings of the reserves review, yes.

21 Q. And was -- was this report and
22 findings distributed prior to the meeting?

23 A. No. I believe the final report
24 actually came -- comes normally out after the
25 meeting.

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2 Q. Okay. Did you have communications
3 with Mr. Eeftink and -- and others from KPMG and
4 Price Waterhouse during the process about what they
5 were finding?

6 A. Yes. We normally have ongoing
7 discussions if -- if, basically, the team had
8 questions, they would come to me. So normally,
9 that would go through -- through our end. And then
10 there would be -- I don't know, depending on -- on
11 the year, a number of -- of meetings where Egbert
12 would be there and we would discuss if there were
13 any issues that needed further addressing.

14 Q. Do you recall any discussions where
15 issues required further discussion?

16 A. Yes. There were a number of cases
17 where we had discussions on -- on what the numbers
18 were and we'd resolve those.

19 Q. Can you be a little more specific?

20 MR. TUTTLE: Objection to form.

21 BY MR. HABER:

22 Q. Can you be specific as to what
23 instances in which you had such discussions?

24 A. One specific case was, one year, we
25 ended up having a long discussion on whether or not

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1 REMCO D. AALBERS

2 we were using the -- the right year-end price, for
3 instance, on -- on the standardized measure.

4 We also had a discussion at some
5 point on whether or not, for production shoring --
6 sharing contracts, we were using the right -- the
7 right price assumptions and what the impact of that
8 would be.

9 We've had discussions on Australia
10 gas reserves, the booking of Angola. A number of
11 examples can be given.

12 Q. Are there any other examples that you
13 can think of?

14 A. I'm sure there -- there are other
15 ones and -- the Athabasca Oil Sands were a
16 discussion point, Iran soil reserves -- I'm sorry.
17 I'm putting my hand in front of my mouth -- and
18 things like that.

19 Q. Okay. Do you recall what the
20 substance of the discussions were that you had over
21 the Athabasca Oil Sands?

22 A. The Athabasca Oil Sands, at the time,

23 the discussion were whether or not those were
24 bookable as reserves, but we concluded from looking
25 at the SEC guidelines that they were very

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2 explicitly excluded.

3 The group initially intended, when
4 the Athabasca Oil Sands Project matured, to -- to
5 book those as oil and gas reserves, but it was
6 clear that was not possible. And they, in the end,
7 got disclosed separately as -- as some sort of
8 mining reserves.

9 Q. Who at the group was advocating
10 booking the reserves?

11 MR. TUTTLE: Objection; foundation.

12 THE WITNESS: The other oil -- the
13 Athabasca Oil Sands Project was seen as a large
14 project which obviously would produce a lot of oil
15 over time and would add to the group -- group
16 reserves replacement ratio.

17 So the impression, what we heard
18 through sort of my seniors, was that the --
19 Phil Watts was very keen on the project, he thought
20 it was a really good project and he believed it
21 could help the group in its crude oil and gas
22 reserves replacement.

23 That obviously wasn't the case
24 because of the specific guidelines from SEC, so it
25 was still a good project and would deliver a lot of

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2 oil. You could just not call them proved oil and
3 gas reserves under the strict SEC definitions.

4 BY MR. HABER:

5 Q. Did the SEC have a definition called
6 mining reserves?

7 A. Yes, there was also mining reserves.
8 There are guidances on that, but when you look at
9 sort of the oil and gas reserves, it's very clear
10 that when you sort of -- that volumes recovered
11 from tar sands are basically not considered oil and
12 gas reserves.

13 Q. Are they considered mining reserves?

14 A. I believe so, yes.

15 Q. What was your understanding at the
16 time?

17 A. I'm sorry, I don't understand the
18 question.

19 Q. Well, let's go back.

20 When did you have these discussions
21 with the KPMG auditors?

22 A. We basically had those discussions at
23 the year-end booking, and we had discussions
24 with -- with group in London on how to reflect
25 these volumes in the annual report.

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2 Q. What -- what year-end are we
3 referring to?

4 A. I knew you were going to ask that.

5 Q. I'm just trying to avoid an objection
6 from counsel.

7 A. That must have been year-end '99,
8 January 2000, I believe.

9 Q. So going back to my question
10 originally, what was your understanding at this
11 time, January 2000, of whether the reserves from
12 the oil sands were mining reserves?

13 A. My understanding at the time was that
14 they weren't oil and gas reserves because they
15 weren't produced, basically, through wells and, as
16 such, they would be a mining reserve.

17 Q. What are mining reserves?

18 A. Well, I'm -- I haven't explicitly
19 gone into all -- sort of all the mining things, but
20 it's -- it's like when you've got mining -- what is
21 it? -- coal and stuff -- I mean, or -- or a gold
22 mine, how much are the reserves? What do you think
23 the mine will produce, similar to like what you
24 produce from an oil field, but then what you
25 actually dig out in a mine activity.

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2 Q. Did the Athabasca Oil Sands involve
3 any mining activities?

4 A. Yes. They're basically being dug up

5 by a large machine.

6 Q. Isn't that true of oil and gas?

7 MR. TUTTLE: Objection;

8 argumentative.

9 BY MR. HABER:

10 Q. You can answer.

11 A. At the end of the day, it doesn't
12 really matter. The SEC rules on the proved and --
13 proved oil and gas reserves were very explicit that
14 these volumes recovered from oil and tar sands were
15 not to be considered oil and gas reserves.

16 Q. Okay. Now, you say that they were
17 reported by Shell.

18 Were they reported in the annual
19 report?

20 A. Yes.

21 Q. And were they reported in the SEC 20F
22 that was filed by Shell?

23 A. I believe so.

24 Q. Okay. And do you recall how much
25 reserves were reported?

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2 A. Somehow, the number of 600 million
3 barrels or the equivalent jumps to my mind, but I'm
4 not 100 percent sure at this point. It's a while
5 ago.

6 Q. And you mentioned earlier that you
7 had heard down the line that Phil Watts was
8 interested in booking the reserves because it would
9 help the reserve replacement.

10 Did you have an understanding --

11 MR. TUTTLE: Objection to form and
12 characterization.

13 MR. HABER: Let me finish first.

14 MR. TUTTLE: Just trying to get it on
15 there.

16 MR. MORSE: Do you want to do it
17 before I do?

18 MR. TUTTLE: I'm just trying to beat
19 Adriaen.

20 MR. HABER: Go ahead, guys, just let
21 me finish, then you can.

22 BY MR. HABER:

23 Q. Did you have an understanding of how
24 it would help the reserves replacement ratio?

25 MR. TUTTLE: Objection to form and

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1 REMCO D. AALBERS

2 characterization.

3 THE WITNESS: I mean, reserves

4 replacement is the ratio of what you have added in
5 reserves in a certain year divided by what you
6 produced in the year. So any reserves that you can
7 book will then basically contribute to the reserves
8 replacement ratio of that year. And how much it
9 adds depends on the size of the booking versus
10 relative to the production of the year.

11 BY MR. HABER:

12 Q. So if you're adding more reserves
13 than you're producing, that will increase your
14 ratio?

15 A. Yes. If you add no reserves in the
16 year, your replacement ratio will be zero; if you
17 add as much as you produce, it will be 100 percent.

18 Q. Is it fair to say the target is to be
19 at 100 percent or greater?

20 MR. TUTTLE: Objection; foundation.

21 THE WITNESS: Yes.

22 MR. TUTTLE: You can answer.

23 BY MR. HABER:

24 Q. Now, one more question on -- on the
25 Athabasca Oil Sands.

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2 Exactly what are they?

3 A. Exactly what are they?

4 Q. What are they?

5 A. Well, as the word says, they're tar
6 sands. I mean, they're -- they're basically a
7 layer -- and it's -- it's in Canada in this
8 specific case -- whether it's basically very thick
9 tar-like hydrocarbons within the sands that won't
10 flow out by themselves, but they're basically dug
11 out and then you sort of heat up the sands and make
12 the stuff a bit more liquid and it flows out.

13 And then eventually you through --

14 put it through some sort of a cracking system and
15 end up trying to make some usable hydrocarbons
16 rather than just only having something that is tar
17 if you cool it down again.

18 Q. Okay. And with -- with regard to the
19 decision to book these reserves as mining reserves,
20 is there documentation that I would be able to look
21 at where I would find that decision?

22 A. Yes. I mean, there was a -- a note
23 written that specified why this couldn't be called
24 reserves, and I'm pretty sure it's somewhere in one
25 of the documents that you have.

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2 Q. When you say "a note," who is the
3 note to?

4 A. The note were written by me, and I
5 believe I sent it to my boss, who passed it up to
6 ExCom.

7 Q. Now, was this a note for information?

8 A. I'm sorry. I don't know the
9 relevance of the question. What do you mean by
10 "note for information"?

11 Q. I -- I understand that there are
12 different levels of notes within Shell. There's a
13 note for information, decision, discussion.

14 A. I don't recall what title it had on
15 the top. I honestly don't know.

16 Q. Do you recall when the note -- when
17 you drafted the note?

18 A. Yeah. This must have been during
19 '99, because if I got my time frame right, this was
20 for the -- for the booking early 2000, so that
21 decision was already taken some -- some during that
22 year. My guess would be somewhere around June
23 time.

24 Q. So the decision to book the Athabasca
25 tar sands was made after the ARPR process had

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2 closed down?

3 MR. MORSE: Objection to form.

4 MR. TUTTLE: Same objection.

5 THE WITNESS: No. The -- in -- in --

6 during '99, it was clear that the Athabasca Oil
7 Sands, if the project went ahead, would not result
8 in any proved oil and gas reserves.

9 BY MR. HABER:

10 Q. Right.

11 A. In the reporting of that year, they
12 were kept separate, but the volume associated with
13 the Athabasca -- the Athabasca Oil Sand Project was
14 separately quoted and during, basically -- I think
15 it was January/February, there was a subsequent
16 discussion that said, all right, they're not oil
17 and gas reserves, how can we best reflect them in
18 the annual report?

19 Q. Okay. And I apologize. I thought I
20 heard you just a moment ago say June, so I
21 apologize.

22 A. I did.

23 MR. TUTTLE: He did say June.

24 MR. HABER: Okay. Well, then --

25 then -- then -- then I was a little -- then -- then
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1 REMCO D. AALBERS

2 I -- then I confess that I was a little confused.

3 THE WITNESS: What I said for June
4 was I believe the note -- and -- and it -- it might
5 be plus or minus a couple of months, but during
6 '99, it was clear that the Athabasca wasn't based
7 on that note and you couldn't book them as
8 reserves. So that -- that it wasn't going to be
9 reserves was already clear.

10 BY MR. HABER:

11 Q. Okay.

12 A. The project went ahead anyway because
13 it was about a project that was going to make
14 money, not necessarily about adding reserves,
15 although that would have been a benefit on the --
16 on the prove reserves, but they now ended up
17 being -- and we ended up calling it hydrocarbon
18 reserves as -- as we added up the total.

19 Q. Okay. A couple of the other items
20 that we talked about -- or that you talked about

21 with regard to your discussions with Mr. Eeftink
22 and others, you said involved year-end pricing with
23 regard to the standardized measure.

24 What -- what were you referring to?

25 A. The standardized -- the group didn't

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1 REMCO D. AALBERS
2 report standardized measure for quite a long
3 period. I can't remember when exactly we went back
4 into reporting standardized measure. That was, I
5 think, five or six years before I got the job.

6 And as a standardized measure had
7 been set up, we used -- people sort of survived the
8 system to come up with a valuation of reserves and
9 they used the quote of four average price.

10 If you read the SEC guidelines on the
11 standardized measure, it actually says that you
12 should report reserves a year-end price. And we
13 had a long discussion whether or not the -- the --
14 the fourth quarter average was actually a true
15 reflection.

16 And it was in the end decided that
17 was probably not the right way of doing it. And
18 eventually, it was agreed that the year thereafter,
19 we would actually determine what the year-end price
20 and -- and base the standardized measure on that
21 number.

22 Q. And what is the standardized measure?

23 A. The standardized measure is a
24 reporting in the annual report in line with the SEC
25 guidelines on a standard way of valuating the

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1 REMCO D. AALBERS
2 reserves that you're reporting, the prove reserves,
3 that is.

4 Q. And other than year-end price, what
5 are the other components that go into valuating the
6 standardized measure?

7 A. The other elements that go in is --
8 is the investment they have to do, capital -- the
9 operating expenditure that you need to produce the
10 standardized measure, and you basically work out
11 the cash flow. And obviously, a tax gets taken

12 out.

13 Q. Now, is it your understanding that
14 the standardized measure is a performance indicator
15 viewed by the market?

16 MR. TUTTLE: Objection; foundation.

17 THE WITNESS: I mean, it -- it's a
18 measure that is being reported in the annual report
19 that the market can choose or not to if they wanted
20 to look at what the value of a company could or
21 couldn't be.

22 Shell, in its statements, has always
23 had a proclaimer that said it's -- it's only sort
24 of a standard form of looking at it and not
25 necessarily a true reflection of the company's

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1 REMCO D. AALBERS

2 value.

3 BY MR. HABER:

4 Q. Do you have an understanding if the
5 standardized measure is required by the SEC?

6 A. Sorry. I missed the first bit.

7 Q. Do you have an understanding of
8 whether the SEC requires that the standardized
9 measure be reported?

10 A. Yes, they do.

11 Q. Okay. I believe another issue that
12 you identified having discussions with the external
13 auditors was the production sharing contracts and
14 price assumptions.

15 A. Um-hum.

16 Q. Can you tell us what you're referring
17 to there?

18 A. If you compare the production sharing
19 contract to a more traditional contract where a
20 company would have a certain share in a -- in a
21 concession -- I mean, if you have a 50 percent
22 share, you book 50 percent of the reserves; or you
23 have 30 percent, you book 30 percent.

24 In a production sharing contract,
25 your share of the reserves entitlement depends on

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1 REMCO D. AALBERS

2 your future forecast of profit oil and cost oil

3 that you will recover, because that's actually the
4 share that you get.

5 Because it hasn't a future economic
6 element in it, the price assumption that you use to
7 go into that evaluation makes a difference of the
8 volume that you get. As a simple example, if you
9 spend 100 million to develop the fields, if you use
10 a \$10 oil price, you need a lot more oil to get
11 that 100 million back in that calculation. If you
12 use a 20 or a 30 or a 40, obviously it starts
13 reducing.

14 Now, because the cost oil you get
15 basically 100 percent and the remainder of the
16 value, that is a different split. Depending on the
17 price assumption, your reserves will go higher or
18 lower when you change the oil price assumptions.

19 So if you reduce your oil price
20 assumption, your reserves will go up. If the oil
21 price goes the other way, your reserves will go
22 down. So there's a year-end evaluation, even if
23 everything else stayed the same, just on the price
24 assumption in those reserve numbers.

25 Q. So what was the issue that was being

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1 REMCO D. AALBERS

2 discussed with KPMG?

3 A. The issue at the time was whether or
4 not when we changed our price assumption, what the
5 impact on the reserves of -- were, whether or not
6 that was -- there was an issue versus doing it
7 against an exact year-end price, which obviously
8 would have resulted in a slightly different
9 calculation again, because the group standard at
10 the time was to do it at the -- the project
11 screening values that we used, the PSVs.

12 Q. And do you recall the position that
13 KPMG was taking?

14 MR. TUTTLE: Objection; form.

15 BY MR. HABER:

16 Q. You can answer.

17 A. I can't remember what year exactly it
18 was. There was a discussion whether or not there
19 was a material difference between using year-end

20 price or a -- the group screening criteria.

21 And in one year, we agreed that we
22 would actually ask for data to see what the deltas
23 were and whether or not that was actually a very
24 big difference or not.

25 And as -- if I recall it correctly,

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2 because it's a while ago, I think the actual delta
3 turned out not to be too large. So it was
4 basically not considered to be a big problem, and
5 we left it as it was.

6 Q. Now, do you know if this issue with
7 the -- that you just described, if that was one of
8 the issues that was looked at during
9 Project Rockford?

10 A. Yes, that was looked at.

11 Q. And -- and did that make up part of
12 the recategorization, to your knowledge?

13 A. During Project Rockford, all the
14 reserves got restated to exact year-end price
15 assumptions, and there was a small delta there.

16 Q. Okay. I believe the last example
17 that you identified was Australia --

18 MR. TUTTLE: Before we jump into any
19 other issues, it's about 1 o'clock. Do you want --

20 MR. HABER: I was just going to say
21 that we'll pick up with that after lunch.

22 THE WITNESS: Okay.

23 THE VIDEOGRAPHER: We are going off
24 the record. The time is 1:02 p.m.

25 (Whereupon, at 1:02 p.m., a luncheon

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2 recess was taken.)

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2 AFTERNOON SESSION

3 (1:47 p.m.)

4 REMCO D. AALBERS

5 was recalled as a witness and, having been
6 previously duly sworn, was examined and testified
7 further as follows:

8 THE VIDEOGRAPHER: We are back on the
9 record. The time is 1:47 p.m.

10 MR. HABER: We're back on the record.

11 EXAMINATION BY COUNSEL FOR LEAD PLAINTIFF,

12 PETER M. WOOD AND THE CLASS

13 BY MR. HABER:

14 Q. Mr. Aalbers, I -- I think I promised
15 that we were going to start talking about
16 Australia, but unfortunately, I got a couple other
17 things I want to ask you about before we -- we get
18 there.

19 Also, a little housekeeping, a
20 follow-up on some other things we talked about this
21 morning.

22 When you had applied for a new
23 position out of Malaysia, you said there was
24 another position that had been offered.

25 What position was that?

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2 A. They suggested there might be an
3 option to go to an internal audit job, and -- but
4 it involved, like I said, I got an audit they
5 quoted, but a lot days away from home, and I just
6 wasn't interested in that type of job at that point
7 in time.

8 Q. Now, this audit position, is that the
9 same as the group reserves auditor?

10 A. No. Just internal audit in general,
11 just the internal audit group that the Shell
12 company has, just audit projects for other stuff.

13 Q. This internal audit group, what is
14 its function, if you know?

15 A. An internal audit will do audits
16 around the company on -- on different things to --
17 to check if process are applied properly, those
18 type of things.

19 Q. And do they audit the group's
20 financial information?

21 A. No. The -- the financial information
22 is audited by Price Waterhouse and KPMG, as their
23 role as external auditors.

24 Q. I -- I guess that that's a fair
25 distinction. I wasn't thinking in terms of the

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1 REMCO D. AALBERS

2 audit conducted by the external auditors. I was
3 referring more in terms of an internal function.

4 A. Honestly, I -- I never went to the
5 job. I don't know to what extent they do audit
6 financial numbers. I -- I believe there are also
7 audits of the financial process internally, but I
8 don't have any knowledge of what they entail.

9 Q. Do you know if this internal audit
10 function included reserves at all?

11 A. What time frame are we talking about?

12 Q. Well, the time frame when you were
13 considering the position and to the present.

14 A. Not to my knowledge.

15 Q. Okay. How about now?

16 A. After 2004, changes have been made,
17 and there's now an extensive internal audit team
18 that does the internal audits of the reserves and

19 reserves reporting process.

20 Q. Okay. And is this team work under
21 the auspices of the group reserves auditor?

22 A. No. The reference -- well, let me --
23 what do you mean?

24 Q. Please so. Please explain it.

25 A. No. No. I -- can you rephrase your

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1 REMCO D. AALBERS

2 question, what you exactly mean? Reporting to the
3 group reserves or -- in which time frame, who
4 specifically are you talking about?

5 Q. Now, in -- in 2004 --

6 A. Now in 2004 --

7 Q. -- forward.

8 MR. TUTTLE: Those are two time
9 periods.

10 MR. HABER: Right. Well, no, he said
11 after 2004, there's an audit team, and I was on
12 that from 2004 forward.

13 THE WITNESS: There -- there isn't a
14 group reserves auditor any more as such --

15 BY MR. HABER:

16 Q. Okay.

17 A. -- that's why I was asking the
18 question. The group reserves auditor was a role
19 that we had prior to 2004, and the -- the internal
20 audit process has been changed in 2004. So that
21 role as such isn't there.

22 The -- the internal -- the -- the
23 group that does the -- the internal reserve orders
24 reports directly through to internal audit, and I
25 think directly up -- up to -- I think Jeroen van

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1 REMCO D. AALBERS

2 der Veer. They're -- they're completely separate
3 from the normal business lines.

4 Q. Okay. Is there a person who heads
5 the internal audit function post2004?

6 MR. TUTTLE: You mean overall
7 internal audit or just for the reserves.

8 MR. HABER: Overall. Well, let's
9 take overall first and then I'll break it down.

10 THE WITNESS: Yes, there is somebody.

11 BY MR. HABER:

12 Q. And who is that?

13 A. I have no idea.

14 Q. Okay, fair enough.

15 Now, with regard to reserves?

16 A. I don't know the exact makeup of
17 internal auditors at the moment. There's a --
18 there's a group -- I don't know if there's a
19 separate head of the reserves audit team that
20 reports to the -- the overall head of -- of
21 internal audit. I presume there is, but I'm -- I'm
22 not 100 percent sure of the structure.

23 And we deal with -- with teams that
24 actually come out into -- into the OU to actually
25 do the audits. So on an annual basis, nowadays

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1 REMCO D. AALBERS

2 the -- the reserves are audited, so in NAM, we'll
3 get -- the -- the internal audit group round once a
4 year to do the internal audit of the reserves.

5 Q. Now, do you know -- other than NAM,
6 what is your understanding of the frequency of
7 internal audits under the -- the -- the new
8 structure post2004?

9 MR. TUTTLE: Object to form, first of
10 all.

11 But you can answer.

12 THE WITNESS: The -- all the logical
13 OUs are audited on a once-a-year basis. There
14 is -- I think there's a -- an attempt to get to
15 about 85 percent coverage every year. This is my
16 understanding, but I don't know the exact targets.
17 But in principal, all the major OUs are -- are
18 audited once a year.

19 BY MR. HABER:

20 Q. Okay. Do you know how large this
21 internal audit function is?

22 A. No.

23 Q. Okay. One other housekeeping. When
24 we were talking about the -- the Athabasca Oil
25 Sands and the reserves that were booked, do you

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1 REMCO D. AALBERS

2 know if those reserves were recategorized in 2004?

3 A. The reserves were not booked as
4 proved oil and gas reserves, and as such, they were
5 not part of the restatement. They have remained as
6 they were.

7 Q. As mining reserves?

8 A. As mining reserves.

9 Q. Were they ever revised?

10 A. I don't know. I -- I would ex --
11 expect so, because the project has come into
12 operation and -- and stuff's being produced that
13 will be changed to the number, but I don't know. I
14 haven't followed that.

15 Q. Okay. Now, going back to the time
16 when you became group reserves coordinator in
17 January of '98, did you receive any training for
18 the position?

19 A. No. I think we covered that before.

20 Q. Okay. I'm not sure if I asked you
21 quite that.

22 Throughout your tenure, did -- did
23 you receive any coursework in the SEC's reserves
24 reporting requirements?

25 A. What do you mean by "coursework"?

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1 REMCO D. AALBERS

2 Q. Well, did Shell require you to take
3 any courses in SEC reserves reporting requirements?

4 A. No. I actually gave a number of --
5 well, reserves introduction presentations to people
6 to explain to them what the reserves requirements
7 were.

8 Q. And when did you give these -- these
9 courses?

10 MR. TUTTLE: Objection to the
11 characterization.

12 THE WITNESS: I don't remember the
13 exact timing. But I mean, there -- there's --
14 there was a financial workshop for -- for a lot of
15 people in the finance function to get them more
16 understanding of what was entailed in -- in
17 reserves reporting and -- and one or two other

18 occasions, I believe.

19 BY MR. HABER:

20 Q. Do you have an understanding as to
21 why the financial people wanted to learn about the
22 reserves reporting?

23 A. The reason why it was interesting for
24 the finance people was because depreciation is done
25 on the basis of the reserves, the proved

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1 REMCO D. AALBERS
2 development reserves you have in the books, so
3 there's a link through reserves to financial
4 reporting. And, in general, the financial people
5 have come out through the financial line, have very
6 little understanding of the reserves and -- and
7 what it all entails. They just use the numbers.

8 And so I was trying to give them a
9 better understanding of all the ins and outs of
10 what was involved in reserves -- reserves reporting
11 and the implications.

12 Q. Okay. Is it your understanding,
13 during your tenure, that if people within the group
14 had questions or were looking for guidance with
15 regard to compliance with Shell's guidelines, they
16 would look to the GRC?

17 A. Yes. In general, people would come
18 to me to -- to seek advice.

19 Q. Okay. Can you think of any instances
20 when that was done or when that occurred?

21 A. On -- on -- on many occasions. What
22 are you specifically --

23 Q. I'm just wondering if there was
24 anything in particular that comes to mind.

25 A. Yeah. There's -- there's a number of

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1 REMCO D. AALBERS
2 examples. When -- in Kashagan, the Okeoch
3 (phonetic) -- Okeoch -- sorry, Okeoch discovered
4 the Kashagan field in Kazakhstan and the business
5 advisor came to me to seek advice on -- on how
6 reserves booking process would be and -- and when
7 reserves might be booked potentially.

8 There have been discussions on the

9 booking of Iran reserves. When Gorgon got
10 reevaluated by -- by WAPETs, they approached me
11 on -- on what to do with that. And there's
12 trillions of other examples.

13 Q. And you mentioned Iran. What was --
14 was there an issue with regard to booking reserves
15 in Iran?

16 A. Yeah. Iran was one of these places
17 where the traditional contracts that we used to
18 have where you have either the concession where you
19 just own the concession and the 30 percent you need
20 to invest on your equal share and get reward on
21 equal share. The world then moved to sort of PFCs,
22 and from there onwards, it moved to something that
23 we called novel contracts, where different type
24 contracts were put in place.

25 In Iran, a deal was made for -- for
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1 REMCO D. AALBERS
2 two fields, and it was called the buy-back
3 contract. And the discussion was whether or not,
4 under the terms of that specific contract, the
5 group was entitled or not to book a reserves
6 entitlement.

7 Q. Do you recall when -- when this issue
8 arose?

9 A. This also plays in 1999, reporting
10 January of 2000.

11 Q. So it would be the year-end '99 and
12 discussed in connection with the ARPR process in
13 early 2000?

14 A. Correct.

15 Q. Okay. Was there someone at the group
16 who was advocating booking the reserves in Iran?

17 A. There -- there were different views
18 on the booking of Iran. Some people thought we
19 could book reserves and some people felt we
20 couldn't book reserves.

21 Q. And who were the advocates for
22 booking?

23 MR. TUTTLE: Objection to the
24 characterization.

25 THE WITNESS: In discussion with

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1 REMCO D. AALBERS

2 Anton, Anton felt that we could book reserves
3 probably for -- for Iran. I'm not sure who else.
4 I know that the regional bus -- business advisor at
5 the time were against booking, but not necessarily
6 on SEC grounds, but more on a perceived political
7 sensitivity versus Iran.

8 BY MR. HABER:

9 Q. What was your understanding of this
10 political sensitivity?

11 A. The perception was that the Iran
12 Government felt the reserves were theirs and that
13 Shell couldn't claim entitlement to them.

14 Q. Who was the RBA at the time?

15 A. I believe that was Michu Blahha
16 (phonetic).

17 Q. Did you have any discussions with
18 Mr. Blahha about -- about this issue?

19 A. Yes.

20 Q. Okay. Do you recall the substance of
21 those discussions?

22 A. Well, like I said, I mean, the --
23 the -- the issue on the -- on the people dealing
24 with Iran was -- was largely the -- the political
25 sensitivity, not necessarily the SEC compliance of

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2 reserves.

3 Q. What was your position?

4 A. My initial position was that I felt
5 that you couldn't book reserves.

6 Q. Did that position change over time?

7 A. Initially, we were not going to book
8 reserves on -- on -- on Athabasca, but then
9 actually in February, they did, in the end, get
10 included in the press statement that was made in
11 February, and after that, we had to keep them in
12 the books to keep basically the annual report
13 consistent. An audit paper was written justifying
14 why you could book reserves for -- for Iran.

15 Q. So if I understand what you just said
16 correctly, it was your conclusion in the -- during

17 the ARPR process that the reserves could not be
18 booked; is that correct?

19 A. That was my interpretation at the
20 time, yes.

21 Q. Okay. Did you prepare a note to the
22 ExCom memorializing that conclusion?

23 A. In the note that we wrote to ExCom on
24 that year, we included the argument that -- and the
25 note actually quoted them as pseudoreserves, we had
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1 REMCO D. AALBERS

2 to come up with some name -- and -- and we excluded
3 them from the original tally, basically, but we did
4 also show if you had included them, what the
5 results would be if you did include them as a -- as
6 a -- a pseudoreserve, basically.

7 Q. Do you recall what impact inclusion
8 of these reserves had on Shell's RRR, that's the
9 reserve replacement ratio?

10 A. I don't know the exact number, but it
11 was -- it wasn't actually a very big number, I mean
12 a couple of percent. I can't remember how many
13 exactly, but not -- not a significant amount. I
14 forgot what the number is, but I think something
15 less than 10 percent is my recollection, but I'd
16 have to look at the actual numbers.

17 Q. I'll probably show you something
18 later on that will refresh your recollection.

19 Did you speak to anyone within EP
20 where you discussed your position that the reserves
21 could not be booked?

22 A. Yeah. I mean, there had been
23 extensive discussions and -- and it had been
24 concluded initially that we were not going to
25 include those reserves.
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1 REMCO D. AALBERS

2 Q. And who did you have those
3 discussions with?

4 A. Like I said, the business advisor was
5 involved. Anton had been involved in that
6 discussion, and I believe the deputy controller in
7 London had been involved in the discussion as well.

8 Q. And who was the deputy controller at
9 that time?

10 A. A gentleman called Hans van Poppel.

11 Q. And was Mr. van Poppel deputy group
12 controller or control -- deputy controller for EP?

13 A. Deputy group controller.

14 Q. Okay. And do you recall the position
15 that Mr. van Poppel had taken with regard to the
16 reserves in Iran?

17 MR. TUTTLE: Objection; foundation.

18 THE WITNESS: Well, as I explained
19 before, when we made the original submission to the
20 ExCom, we based that on the joint understanding
21 that they were not going to be included as proved
22 oil and gas reserves.

23 BY MR. HABER:

24 Q. So is it fair to say, then, that
25 Mr. van Poppel agreed with that position?

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1 REMCO D. AALBERS

2 MR. TUTTLE: Objection to the
3 characterization.

4 You can answer.

5 BY MR. HABER:

6 Q. You can answer.

7 A. To my recollection, yes.

8 Q. Okay. Other than Mr. Barendregt, do
9 you recall anyone else who was in favor of booking
10 the reserves?

11 A. At -- at what point in time are you
12 inferring? Just before or after that ExCom note?

13 Q. Who?

14 A. No, in terms of time, are we talking
15 about before --

16 Q. Oh, I'm sorry.

17 A. -- before the ExCom note where we had
18 the conclusion that we weren't going to book them,
19 or are you talking about afterwards?

20 Q. That's fair. I'm sorry. Let's start
21 with before.

22 A. No. To -- to my recollection, when
23 we had the discussion and -- and apart from people
24 discussed -- I mean, my boss at the time would have

25 been involved in the discussion as well, that was

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1 REMCO D. AALBERS

2 the conclusion we reached, and that's why we put it
3 forward the way we did.

4 So the note eventually went to ExCom
5 and was presented by -- by Roelof, so he obviously
6 had bought into that assumption as well.

7 Q. And Mr. Platenkamp was still your
8 boss at that time?

9 A. He was my boss at that time, yes.

10 Q. Okay. Now, a moment ago, you
11 mentioned that there was a press statement?

12 A. Yep.

13 Q. And I think you said that press
14 statement included the reserves from -- for Iran;
15 is that correct?

16 A. Yes.

17 Q. Okay.

18 A. The press statement actually didn't
19 quote that explicitly, but the reserves replacement
20 ratio quoted in that press release, you could only
21 get to the number if you included the Iran
22 reserves, so without that number, it would have
23 been a different number.

24 Q. What was your reaction when you had
25 seen that press release?

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2 A. I was extremely surprised because we
3 weren't aware that that is what went into the press
4 release, so that actually weren't the numbers that
5 we originally supplied for the press release, but
6 were the numbers that eventually got published.

7 Q. And when you say the numbers
8 originally supplied for the press release, who did
9 you supply them to?

10 A. The numbers -- the -- the press
11 release gets prepared by -- by a group in -- in
12 London, so we supplied them to -- to the people in
13 London.

14 Q. That would be the investor relations
15 department?

16 A. No. I think the -- the numbers were
17 actually supplied to the -- to the -- the deputy
18 controller's group.

19 Q. Okay. Now, after you had seen that
20 the numbers were included in the press release, did
21 you have a discussion with Mr. Platenkamp about
22 that press release?

23 A. I don't recall. I think the
24 discussion was with Hans van Poppel.

25 Q. What do you recall of that

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2 discussion?

3 A. I don't know the discussion word by
4 word, but the general gist was that the numbers
5 were included and that we had to prepare the annual
6 report on the equivalent basis and write a audit
7 paper that justified booking the -- the Iran
8 reserves.

9 Q. Were you asked to prepare the
10 information for the report to justify those
11 numbers?

12 A. Well, not the report, the audit
13 paper, you mean.

14 Q. Yes, I'm sorry, the audit paper.

15 A. Yes.

16 Q. Okay. Did anyone work on that paper
17 with you?

18 A. Yeah, a number of people worked on
19 the paper. I -- I don't recall exactly who were
20 all involved, but Hans van Poppel was obviously
21 involved as the deputy controller; the -- the
22 people from the region, the business advisors were
23 involved. Other than that, I don't know exactly
24 who else was involved.

25 Q. Do you recall if Mr. Platenkamp was

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1 REMCO D. AALBERS

2 involved?

3 A. No, I don't think so.

4 Q. Having concluded that you couldn't
5 book the reserves, how did you go about now trying
6 to support the booking of the reserves?

7 MR. TUTTLE: Objection to the

8 characterization.

9 BY MR. HABER:

10 Q. You can answer.

11 MR. TUTTLE: You can answer.

12 THE WITNESS: It -- it depends on how
13 you want to interpret the contract. I mean, the
14 contract had a term called buy-back. If you
15 looked at -- look at how the contract was made up,
16 it basically said that Shell would invest a certain
17 amount of money to develop these two fields,
18 Nowoosh and Soroosh -- two fields, oil fields,
19 Nowoosh and Soroosh, and you can try and spell
20 those. There are double o's at the end, I can help
21 you.

22 So if -- if you look at the contract,
23 they were then entitled to buy a certain amount of
24 oil from those fields in repayment of investments
25 made, and it had a sort of -- a profit element in

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2 it as well, so you could buy back what you
3 invested, plus a certain extra. There were also a
4 number of clauses that said what happened if you
5 overspent certain amounts of money, could you then
6 recover that or not.

7 So when you look at the structure,
8 you could -- you could build an argument that says
9 is this like a normal investment in an oil and gas
10 field with the normal risk and awards. It's just a
11 slightly different way of phrasing it.

12 When we initially looked at it, we
13 actually felt that it was -- we were buying the
14 oil, and that's why we -- we didn't have the
15 entitlement, plus there was this big pressure from
16 the region that said, well, we don't think that
17 Iran wants us to book reserves for these fields
18 because of the political sensitivity; so there was
19 pressure from that side not to do it.

20 So we came to the conclusion that we
21 would -- we would not book these reserves. When we
22 put the audit paper together, the discussion around
23 the risk and awards and the ups and downsides, and

24 actually, there weren't many big upsides, but there
25 were significant downsides because if we invested
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2 and we didn't get the oil back, we would actually
3 potentially could lose all the money in the
4 contract.

5 So when you took a step back from it,
6 apart from how the contract was physically phrased,
7 you could argue that it was actually a normal
8 investment in an oil and gas field, with the normal
9 risk and award, just under a different type of
10 structure. And that's how we got it booked and
11 under the novel contract type concept.

12 So it depends on how you want to
13 swing the balance on the -- on the interpretation
14 of the contract and the risk and rewards.

15 BY MR. HABER:

16 Q. Other than the -- this -- this
17 instance in Iran, were there other instances in
18 Shell during your tenure as GRC where there were
19 novel contracts?

20 A. In the period I was there, we had
21 three, this was the third one. There was one which
22 was sort of a normal type contract, which was the
23 one in Venezuela, and then we had the GISCO
24 contract for the -- the gas in Oman.

25 Q. When you had come to the position in
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2 January of '98, and I believe earlier you testified
3 that you had reviewed prior submissions, in your
4 review, had you come across novel contracts?

5 A. Oh, time frame. I think Venezuela
6 was already there when I arrived, if I recall
7 properly. And I think GISCO had just been there as
8 well.

9 Q. So other than these three
10 instances -- GISCO, Venezuela and Iran -- is it
11 fair to say there were no other novel contracts
12 that you reviewed?

13 A. No, not at that time, no.

14 Q. Okay. During your entire tenure

15 at -- as GRC, were there any other --

16 A. No, no, that's what I meant,
17 apologies.

18 Q. Okay. Okay. Now, going back to Iran
19 for a moment, do you have an understanding of
20 whether Mr. Watts had a position with regard to
21 whether to book these reserves or not?

22 A. We're talking about Phil Watts here?

23 Q. Yes. I'm sorry. Not Lew Watts.

24 A. My understanding was that
25 the reserves booking in the quoted press release

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2 was initiated ultimately by Phil Watts.

3 Q. And what was the basis of your
4 understanding?

5 A. That's from the conversation with
6 Mr. van Poppel.

7 Q. Was this audit paper that you
8 prepared, was it sent to the ExCom?

9 A. No. The way the audit paper gets
10 approved, it actually gets submitted by the group
11 controllers to the external auditors,
12 Price Waterhouse and KPMG, for -- for support on
13 the financial side.

14 Q. And do you recall having any
15 discussions with anyone at KPMG concerning the --
16 the booking of reserves in Iran?

17 A. Yes. We had discussions as part of
18 the reserves process with KPMG. And as part of the
19 discussions for the year-end reserves, clearance
20 with the external auditors of KPMG and
21 PricewaterhouseCoopers, Iran was on the table as
22 well.

23 Q. And do you recall where the external
24 auditors fell with regard to whether to book or not
25 to book?

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2 MR. TUTTLE: Objection; foundation.

3 THE WITNESS: When we had those
4 discussions, we -- we put it forward that we were
5 not going to book and -- and that, by itself, at

6 that point was supported.

7 BY MR. HABER:

8 Q. Do you recall if anyone at KPMG
9 challenged that position that you put forward?

10 A. So that we should book?

11 Q. Right.

12 A. I can't recall.

13 Q. The same question with regard to
14 Price Waterhouse?

15 A. I can't recall that one, either.

16 Q. Okay. Now, do you -- I don't know if
17 I asked you this, and if I did, I'm sure counsel
18 will remind me.

19 Do you recall how much reserves were
20 booked?

21 MR. TUTTLE: Asked and answered, but
22 he can answer again.

23 MR. HABER: Thank you.

24 THE WITNESS: No, I don't know what
25 upset number was. It wasn't a large number. In my
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2 recollection, it was somewhere just around
3 10 percent, but I'm not 100 percent sure if that
4 was the right number.

5 BY MR. HABER:

6 Q. I was just seeing if I can, after
7 this discussion, get a number.

8 Do you recall if the reserves that
9 were booked were recategorized in January or
10 subsequent to in 2004?

11 A. No, they were not recategorized.

12 Q. I'm sorry?

13 A. They were not recategorized, to my
14 knowledge.

15 Q. Okay. Do you know if they were
16 revised?

17 A. The novel contracts has a similar
18 type of element of cost recovery, so depending on
19 the price assumptions, the number will go up and
20 down, depending on what your oil price assumption
21 is, because there is an element of recovery of an
22 investment, so depending on the oil price

23 assumption, it will change --

24 Q. So do you know --

25 A. -- both through actuals and through

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2 forecasts.

3 Q. I'm -- I'm sorry. I apologize. I
4 interrupted you. Are you -- are done with --

5 A. Yeah.

6 Q. Now, do you recall if the reserves
7 that were booked in Iran were included as part of
8 the revisions that were announced in 2004?

9 A. As part of the revisions? They were
10 not restated.

11 Q. There were also revisions that were
12 announced. Do you know if those reserves were
13 included in the revisions?

14 MR. TUTTLE: Objection; foundation.

15 You can answer it.

16 THE WITNESS: The -- the only
17 thing -- and I -- and I don't know this for sure,
18 is that because there were some changes made on
19 assumptions versus year-end price, it might be that
20 on the year-end price adjustment that that was --
21 that that was a change in the actual number, and
22 that might have rolled into revisions.

23 BY MR. HABER:

24 Q. Okay. And for the record, when you
25 say upstream, what are you referring to?

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2 A. Upstream, that's E&P, so basically
3 exploration and production, versus downstream,
4 which is basically the marketing side.

5 Q. And that's when you actually have a
6 resource that you can sell?

7 A. Yes.

8 Q. Okay. Now, how long does the ARPR
9 process last?

10 A. It depends what you call the start of
11 the process versus the end. It -- it basically
12 starts off with updating of the guidelines issuing
13 to the operating units, sending them the -- the

14 workbooks that they have to fill in and any changes
15 that we've made to those.

16 If you talk about when do the OUs
17 actually start sending in the numbers and when are
18 we done with them, then that would be two different
19 questions, so which of the two are you referring
20 to?

21 Q. Let's start with the OUs; let's start
22 with that part of the process. When -- when do the
23 OUs send in the information?

24 A. The OUs send in the information
25 somewhere around the middle of January, after the
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2 closing of the financial books and the actual
3 production for the year is -- the prior year is --
4 is known. And that then rolls to the -- to the
5 press release in early February -- early February,
6 and then it sort of ends when all the different
7 tables have been prepared that need to roll into
8 annual report in the 20F, and then it sort of
9 basically ends.

10 Q. Now, this press release, what's
11 included in the press release?

12 A. It might vary year to year, but
13 normally it was a statement on the reserves
14 replacement ratio that was achieved in the prior
15 year.

16 Q. Now, were the numbers finalized at --
17 prior to the press release being issued?

18 A. Yes, there had to be, because
19 otherwise the number that you would finally find
20 back in the annual report could be different, and
21 that was not desirable.

22 Q. Okay. Now, do you have an
23 understanding what the responsibilities are of the
24 OUs in the process? And I'm talking a little more
25 detail than just generally rolling up numbers and
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2 giving them to you.

3 MR. TUTTLE: Objection to form.

4 You can answer.

5 THE WITNESS: The operating units

6 have to make sure that they determine the reserves
7 for the individual OUs in line with the -- with the
8 group guidelines and report them according to the
9 group line -- guidelines to the center. And they
10 also have to make sure that when they report their
11 financial information, that that is in line with
12 what they are reporting as reserves so that they
13 use the same reserves for depreciation as they
14 report that year in terms of annual reporting.

15 BY MR. HABER:

16 Q. Do you know if the OUs, in submitting
17 their numbers, make sure that their reported
18 information comports with the SEC reserves
19 reporting requirements?

20 MR. TUTTLE: Objection to the extent
21 it calls for speculation.

22 MR. HABER: I'm asking for his
23 understanding.

24 THE WITNESS: Can you rephrase --
25 repeat the question once more?

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2 BY MR. HABER:

3 Q. When -- you say when the OUs put
4 together their numbers, you said that they check it
5 against the group guidelines.

6 A. Um-hum.

7 Q. And I want to know if you have an
8 understanding of whether they also check it against
9 the SEC's Rule 4-10, for example.

10 A. No, they don't. The OUs will report
11 on the basis of the internal guidelines and --
12 which then, if they follow that, according to the
13 guidelines, by default makes them compliant to the
14 SEC reporting.

15 Q. What is Mr. Barendregt's -- or let me
16 strike that. Withdrawn.

17 What is the role of the group
18 reserves auditor, if any, in the ARPR process?

19 A. The role of the group reserves
20 auditor was to check that the OUs reported their
21 reserves, both the proved and the expectation, in

22 line with the group guidelines, and he basically
23 was responsible to provide the technical assurance
24 for KPMG in their process of reviewing the -- the
25 reserves numbers.

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2 Q. Now, did this responsibility change
3 when Mr. -- strike that. Withdrawn.

4 Between Mr. de la Mar and
5 Mr. Barendregt, what you just described in terms of
6 their participation, did it change in any way?

7 MR. TUTTLE: Objection; asked and
8 answered.

9 But you can answer -- tell him again.

10 THE WITNESS: That we covered before,
11 because Ad had been doing it quite some time, and
12 he actually got probably more deeply involved in
13 the annual cycle of adding up the proved reserves
14 at the annual cycle. The principal accountability
15 hadn't changed because Ad did the same thing, he
16 went out to the OUs on a certain cycle, depending
17 on the size of the OU, checking whether or not the
18 OU numbers were correct and then in line with their
19 internal numbers and then whether they were
20 following the right procedures and reporting in
21 line with the group -- group guidelines. So
22 that -- that element of it didn't change.

23 The bit that did change was that in
24 the annual rolling up in the center, Ad had a sort
25 of a more prominent role when I just arrived, and

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2 we reversed that, as we discussed before --

3 Q. Right. Okay.

4 A. -- bringing it more in line with what
5 an auditor should be doing, looking at the numbers,
6 rather than preparing them.

7 Q. Okay. Are you aware of any instances
8 where an OU would complain that Mr. Barendregt was
9 doing more than just serving as an auditor?

10 A. No, I don't think there was any
11 complaint by any of the OUs that he was doing more
12 than his role was.

13 Q. Okay. Now, what role, if any, did
14 the deputy group controller have in the ARPR
15 process?

16 A. He was involved in the -- in the --
17 in the final meeting where the reserves got cleared
18 to be published ultimately.

19 Q. I'm sorry, to be published?

20 A. To ultimately be published in the
21 annual report and in the --

22 Q. Oh, okay.

23 A. -- in the quarterly results.

24 Q. Okay, thank you.

25 During -- I'm sorry.

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2 A. Maybe I should add one more thing.
3 And he was involved whenever there were sort of
4 audit papers that were related to reserves. So
5 like the -- the Iran audit paper, there, of course,
6 he was also involved in -- in the reserves side of
7 things.

8 Q. Do you recall when -- just going back
9 to this audit paper in Iran, do you recall when
10 that paper was finalized?

11 A. I'm not 100 percent sure. I think --
12 I think there are two reviews of audit papers per
13 year by the external auditors, if I remember
14 correctly, and I think it got finalized, I think in
15 the June review, but I'm not 100 percent certain --
16 at least in terms of being accepted. I mean, the
17 paper was final before that, but it then went into
18 sort of the normal cycle.

19 Q. And when it's accepted, does someone
20 sign off on it?

21 A. I don't know that part of the
22 process.

23 Q. And, again, if I look in the
24 production that Shell has given us for this audit
25 paper, what -- what is the title of the document so

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2 that I can locate it, if you recall?

3 A. Well, something about reserves --

4 reserves, and by the contracts and Nowoosh, Soroosh
5 would be what I would start looking for. I don't
6 have the exact title.

7 Q. Okay, thank you.

8 Now, what -- what role does the ExCom
9 play in the ARPR process?

10 A. The way that the ExCom got involved,
11 I think, is through two ways: One, the regional
12 business directors are responsible of their
13 respective areas, so if there would be an issue
14 with any specific reserve booking for a specific
15 country, that would go -- that would be escalated
16 through the regional business advisor, and -- and
17 the regional business director would get involved.
18 So that's one element.

19 And basically the -- the -- the total
20 reserves will get reported to ExCom either as these
21 other numbers and there's no issues, or if there
22 were a number of issues, then a number of issues
23 would have to be -- would be tabled with a
24 recommendation on what we thought was the right way
25 to go, and obviously, ExCom then could either

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2 choose or not choose to follow that recommendation.

3 I think that's -- that's the main
4 involvement they had.

5 Q. Did the ExCom ever get involved in
6 resolving disputes between the OU and your office
7 over challenges to numbers that were provided by
8 the OU?

9 MR. TUTTLE: Objection to form.

10 THE WITNESS: But I have to answer
11 anyway?

12 MR. TUTTLE: Yes.

13 THE WITNESS: In most cases, if there
14 were challenges, they -- they -- they normally
15 would get resolved before you actually have to get
16 to an ExCom level. In a number of cases where it
17 couldn't be resolved and it actually needed a
18 senior -- a senior decision on -- on whether or not
19 to turn left or right or however you want to
20 compare it, yes, then it would -- it went to ExCom.

21 BY MR. HABER:

22 Q. Can you think of any instance where
23 such a dispute went to ExCom?

24 A. There's -- there's a number of things
25 that went to ExCom specifically in -- over '99 and

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2 2000, so the 2000 January note. It was the
3 Nigerian reserves, the Ehra reserves and Abu Dhabi,
4 fuel and flare in -- in the States, and I think
5 there was one or two other things in that note,
6 but -- so these are the biggest examples, anyway.

7 Q. Now, we've been talking about notes
8 that -- throughout the morning and a little bit
9 now, notes that go to ExCom.

10 Was it the function of the GRC with
11 regard to reserves to prepare these notes?

12 A. The notes that went to the ExCom on
13 reserves would be provided -- would be prepared by
14 me in my role between 2001 and -- and '98 -- '98 to
15 2001.

16 Q. And would they be reviewed by your
17 bosses?

18 A. Yes. Obviously, they would be
19 reviewed by my boss and also by his boss, and they
20 had to be supported by the -- a member of ExCom
21 that we actually reported to before it went in.

22 Q. And why did it have to be supported
23 by a member of ExCom?

24 A. I think the principal rule was that
25 anything that went into ExCom had to have one of

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2 the ExCom members sponsoring it, or however you
3 want to call that.

4 Q. So in order to present it to ExCom,
5 it was your understanding that a member of ExCom
6 had to be a sponsor?

7 A. Sorry?

8 Q. Yeah. Let me rephrase that.

9 I said it was your understanding that
10 a note that -- that you had prepared needed to be
11 sponsored by a member of ExCom in order for it to

12 be presented to ExCom?

13 A. Yeah. I think it was something along
14 those lines, but I'm not 100 percent expert on
15 ExCom procedures.

16 Q. That's okay.

17 Now, other than your bosses and a
18 member of ExCom, was there anyone else who would
19 review a draft of a note that would be going to
20 ExCom?

21 MR. TUTTLE: Objection to the form.

22 Sorry, you can answer.

23 THE WITNESS: No, not -- not to my
24 knowledge, but individual bids that were in there
25 to certain countries would -- the regional business

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2 advisors would know that that was in there and --
3 and they would make sure that their regional
4 business directors would be briefed on this issue
5 being as part of the note.

6 BY MR. HABER:

7 Q. When you say "briefed," were they
8 shown a draft of this section that pertained to
9 that particular operating unit?

10 A. I can't recall if they -- if they saw
11 the exact text or that they were just aware of what
12 the text said. I just can't remember.

13 Q. Okay. Did the group reserves auditor
14 review a draft note to the ExCom that you prepared?

15 MR. TUTTLE: Objection to form.

16 THE WITNESS: I can't remember. I
17 mean -- no, I don't remember. I don't know if he
18 gave comments or not.

19 BY MR. HABER:

20 Q. As group reserves coordinator, did
21 you have anyone reporting to you?

22 A. I had one technical assistant who
23 helped me.

24 Q. And -- and who -- who is that person?

25 A. That was Bai Yespers (phonetic).

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2 Q. Did Ms. Yespers function more in an

3 administrative capacity?

4 A. Yes.

5 Q. Did you have any reservoir engineers
6 working under you?

7 A. No.

8 Q. During your tenure as GRC, did you
9 believe that your office was sufficiently resourced
10 for you to do your job?

11 A. For the -- the role that we had at
12 the time, yes, I believe it was sufficiently
13 resourced, although it was pretty hectic -- hectic
14 in the time that all the numbers came in.

15 Q. Now, earlier, I asked you when the
16 ARPR process began, and you drew a distinction
17 between the OUs and the guidelines.

18 Why did you draw that distinction?

19 A. Well, because the question wasn't
20 clear to me. Because so far, we're focusing on the
21 actual reporting element of it, which is why I said
22 to me it sort of -- the reporting starts somewhere
23 in January, the numbers come in, and then at some
24 point, all the reporting has been done, but
25 there's -- there's a beginning part to it, but you

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2 prepare for the stuff to actually come in, send out
3 the guidelines, send out the books, but that's sort
4 of the prelude in terms of the ARPR.

5 So it depends how you define the
6 reporting process.

7 Q. Okay. So with -- with that response,
8 when did the -- the prelude activities commence?

9 A. I mean, that normally started after
10 the summer, preparing initially the -- the updated
11 guidelines and preparing the -- the updates to the
12 word books that we used and -- and in --
13 incorporate all the improvements that I sort of
14 jotted done over the last period and thought up
15 over the year, and -- and we got those built in to
16 try and build the process on a continuous basis,
17 building in more checks to make sure that errors
18 that people had made in the past were automatically
19 almost caught, and -- and people just couldn't make

20 certain errors any more, so try and reduce the
21 number of clarifications we needed to do.

22 Q. Were all these activities discussed
23 with your bosses?

24 A. Yes, they were aware of those
25 activities, but a lot, of course, I did as part of
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2 my role. And we had an IT support who did the --
3 the building of the word books at my direction.
4 But the guidelines ultimately had to be sent out
5 and -- and approved by -- by my boss and above.
6 They had to be happy with any changes to the
7 guidelines before they went out.

8 Q. Do you know if the guidelines, when
9 they were updated, had to be approved by the ExCom?

10 A. I believe in that time, the
11 guidelines were not formally approved by ExCom,
12 that's my recollection. We did always check any
13 changes first with KPMG, that they were happy with
14 the changes.

15 Q. Now, when you say that you checked
16 with KPMG, can you explain a little bit of that --
17 of that process?

18 A. Basically, we -- we submitted the
19 draft guidelines to KPMG for the external -- that
20 external view on -- on whether those guidelines
21 were -- were okay and -- and basically SEC
22 compliant.

23 Q. And do you recall specifically the
24 person that you sent the draft updates to?

25 A. In that period, that went through to
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2 Egbert Eeftink, who was our contact with KPMG on
3 these matters.

4 Q. Did you have an understanding of
5 whether Mr. Eeftink was experienced with SEC
6 reserves reporting requirements?

7 A. Yes, that was my understanding.

8 Q. Okay. And what was the basis of your
9 understanding?

10 A. I mean, SEC -- the reserves element

11 of it is only a small part of the -- of the annual
12 disclosures. There's the whole other financial
13 side as well. And that's why we had the external
14 auditors for. I mean, that was -- that was
15 supposed to be their expertise area.

16 Q. Did he ever say anything to you that
17 would provide comfort that he was an expert in the
18 SEC's reserves reporting?

19 MR. TUTTLE: Objection to form.

20 You can answer.

21 THE WITNESS: Yes. I mean, in the
22 discussions, he was very much aware of what the
23 reporting requirements were. He obviously wasn't a
24 reservoir engineer in terms of the technical
25 element of the reserves reporting, but that wasn't

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2 necessarily what he was asked to do.

3 They also had Anton Barendregt as
4 sort of a more technical advisor in the -- in the
5 audit process. And as far as I was aware, they
6 would have other internal specialists that they
7 would seek advice, but I'm not sure who those
8 people were. So there's a whole organization
9 behind that has some expertise as well.

10 BY MR. HABER:

11 Q. Okay. Now, was -- what was your
12 understanding with regard to who Mr. Barendregt
13 worked for?

14 A. Mr. Barendregt worked for KPMG, but
15 his salary was paid by Shell.

16 Q. I'm sorry?

17 A. But his salary was paid by Shell.

18 Q. Oh. Now, how many of the group's
19 guidelines did you update during your tenure as
20 GRC?

21 MR. TUTTLE: How many?

22 MR. HABER: Yeah.

23 THE WITNESS: Specifically only
24 related to the reserves guidelines?

25 BY MR. HABER:

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2 Q. Yes.

3 A. Well, there was -- when did I leave?

4 I left in 2001, so there would be the 2000

5 guidelines, the '99 guidelines, and the '97 were

6 already out. And the '98 actually got largely

7 updated by Brad Kerr, but I was part of some of the

8 final editing.

9 Q. And the '98 guideline updates, was

10 that as a result of recommendations made by a value

11 creation team?

12 A. The results of the value creation

13 team were rolled into those guideline updates, yes.

14 Q. Okay. Now, I asked you a question

15 about guidelines, updating guidelines, and you made

16 a point of asking about reserve guidelines.

17 Were there other guidelines that you

18 were responsible for updating?

19 A. I also got involved in part of the

20 business plan guidelines because there were

21 reserves reporting in plans and business plan as

22 well, so I was involved in -- in some of those

23 guidelines as well. So that's why I tried to limit

24 the question.

25 Q. Okay. Well, with regard to your

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2 other activities as group reserves coordinator, I

3 believe you talked about business planning and

4 being -- or an analyst, being a business analyst.

5 Can you describe what your duties

6 were in the nonreserve function of -- of the

7 position?

8 MR. TUTTLE: Objection to the

9 characterization of activities as group reserves

10 coordinator.

11 With that, he can answer.

12 THE WITNESS: As part of the business

13 plan, I almost had two roles. One part of the

14 business plan was that we also try to get to better

15 forecast of reserves addition into the future. So

16 where, as part of the business plan, people had to

17 indicate what reserves they were booking this

18 project as they would mature over time. So that

19 was one element. So you could argue that that was
20 part of my group reserves coordinator role in the
21 business plan.

22 On the other side, I also got
23 involved as -- as my more business analyst role in
24 actually looking at the individual business plan
25 submissions and making sure that they had the right
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2 quality and they got properly rolled into the
3 business plan, and -- and -- and subsections were
4 made, and we looked at all sorts of things in the
5 cap allocation process. And also, as part of the
6 actual workshops where it would be decided what
7 projects will be funded, I -- I would be involved
8 in that as well.

9 BY MR. HABER:

10 Q. Now, with regard to the business
11 plan, you referred to "we."

12 Who's the we?

13 A. There was a group of people that did
14 the -- the business planning and the cap
15 allocations, so that was the other people that were
16 under -- under the -- in Aidan's team. I was one
17 of the people in his team, and -- and the other
18 were business analysts doing the business planning
19 and the capital allocation.

20 Q. Do you recall the names of any of
21 those people?

22 A. Oh, God.

23 Brown was there. Who else was there?

24 Oh, I'm terrible at names.

25 Naf -- they'll come to me later on.

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2 Can I just part -- just a few names, I just can't
3 get them at the moment.

4 Q. If the names come to you, I'd
5 appreciate if you could just let us know who they
6 are.

7 A. Yeah.

8 Q. Now, just with regard to the business
9 plan, were you specifically tasked with preparing

10 parts of the business plan for the year?

11 A. Yeah. The bit that I ended up always
12 preparing was the reserves outlook.

13 Q. And -- and what -- what did that
14 entail?

15 A. As -- as part of the cap allocation,
16 we -- we linked the projects to a forward reserves
17 booking plan, both maturing scope for reserve --
18 recovery to expectation reserves and expectation to
19 prove reserves -- maturing scope for recovery
20 reservoir to expectation reserves and ultimately to
21 prove reserves.

22 That was a very difficult process to
23 get any sort of quality into that -- that part of
24 the process, but like the first year when I just
25 arrived, we made the business plan, and then I had
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2 to prepare a reserves outlook, and there just was
3 no data. And I looked back what was done last
4 year, the year before and, yeah, some forecast was
5 made based on no data, so that didn't seem very
6 sensible.

7 So part of cap allocation, we -- we
8 got the OUs to report that in a on a field-by-field
9 and project-by-project basis and we -- we
10 aggregated that up to a reserves outlook into the
11 future.

12 Q. And how far into the future did you
13 look?

14 A. The business plan normally looks
15 five years.

16 Q. Now, part of this task, the reserves
17 outlook, did it also require you to look back as to
18 what had already been booked as -- as proved
19 reserves?

20 A. No. As part of the business plan.
21 That's part of the ARPR process, that's not part of
22 the business plan.

23 Q. So the business plan was forward
24 looking?

25 A. Yes.

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2 Q. Now, what about the capital
3 allocation aspect of what you did, can you explain
4 a little bit more about that?

5 A. Basically, all the projects -- there
6 were -- there were more projects coming in than the
7 group could or was prepared to fund at that point
8 in time. So there was a -- a process developed
9 where all the projects would come in and ask for
10 funds. The projects would show what our forecasts
11 were, what the -- the -- the capital requirements
12 were, and on that basis, there was a selection made
13 of which project would actually -- would be funded
14 and what then the result of the business plan for
15 certain choices would be.

16 So you make different cross sections
17 out of the projects, and you get different business
18 plans looking forward. That was the general idea.

19 Q. And with regard to that aspect,
20 the -- the capital allocation aspect, did that play
21 any role in the OU's decisions with regard to
22 commercial maturity for various projects going
23 forward?

24 MR. TUTTLE: Objection to form.

25 THE WITNESS: The commercial -- the

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2 technical and commercial maturity has nothing to do
3 at this point with the business planning process
4 and getting full funds. I mean, they're two
5 different things.

6 BY MR. HABER:

7 Q. Okay. Well, that's really what I was
8 wondering, if there was any connection with -- with
9 funding for a particular project than what you're
10 talking about in the business plan.

11 MR. TUTTLE: Same objection.

12 THE WITNESS: Try that again. You've
13 lost me.

14 BY MR. HABER:

15 Q. Well, what I'm trying to understand
16 is in -- in particular projects in an OU, there's
17 funding requirements.

18 A. Yes.

19 Q. And what I'm trying to understand is
20 whether or not there's any connection between the
21 work you were doing with regard to the business
22 plan capital allocation and the funding
23 requirements for projects at -- at the OU level.

24 A. The -- the process goes in -- in --
25 in almost in -- in -- in different steps, because

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2 the business plan is where you're trying to
3 determine which projects you will actually carry
4 forward into the business plan. The actual getting
5 the funds will be made when those projects are
6 actually come forward with a budget request and
7 actually formally ask for funds.

8 So the business plan doesn't actually
9 allocate the funds, it just gives you the option to
10 get funds into the future, because if you didn't
11 actually make the plan, then you basically -- it
12 was much harder to actually then come forward with
13 an investment problem, because you weren't part of
14 the plan, there just wasn't any funds for your
15 project.

16 Q. Right. So, again, going forward, you
17 would have to have some understanding of what
18 projects were on the horizon for funding, correct?

19 A. Yes. I mean, the -- the whole
20 element of the business plan gave you a lot of
21 insight of what was happening around the group and
22 what projects were moving forward and -- and what
23 the size of these projects were and all that sort
24 of stuff, indeed.

25 MR. HABER: Okay. Before I get into

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2 the next topic, why don't we take a short break?

3 THE VIDEOGRAPHER: This marks the end
4 of Tape 2 in the deposition of Mr. Aalbers. We are
5 going off the record. The time is 2:47 p.m.

6 (Recess.)

7 THE VIDEOGRAPHER: This marks the
8 beginning of Tape 3 in the deposition of

9 Mr. Aalbers. We are back on the record. The time
10 is 3:03 p.m.

11 BY MR. HABER:

12 Q. Mr. Aalbers, a few moments ago I
13 asked you a question about Mr. Barendregt and his
14 employment, and you said that he's paid by Shell.

15 How -- who at Shell pays his bills?

16 A. I -- I guess the salary department,
17 but I really don't know.

18 Q. Well, you know, I walked into that,
19 so --

20 (Laughter.)

21 BY MR. HABER:

22 Q. It's not really what I was looking
23 for. Let -- let me ask a different --

24 A. That's what you asked.

25 Q. That's exactly right. That's true.

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2 It's not what I was looking for, though, I walked
3 right into that.

4 Do you know if -- if the operating
5 units paid Mr. Barendregt for his work?

6 A. No, they didn't. They were paid for
7 with -- by the center.

8 Q. Okay. And when you said that
9 Mr. Barendregt worked for KPMG, what did you mean?

10 A. My understanding was that he worked
11 for KPMG to provide them the -- the technical
12 expertise to do the reserves auditing process on
13 the -- on the sort of reservoir needing side,
14 the -- the technical expertise.

15 I'm not 100 percent sure how it was
16 contractually arranged, but my understanding was
17 that he sort of worked for KPMG, but like I said,
18 Shell paid the bills, the hour bills, basically.

19 Q. Do -- do you know if he was sort of
20 affiliated with KPMG at all?

21 A. I -- I don't know what the exact --
22 what the exact contractual structure between him
23 and KPMG were. I honestly don't know. He was a
24 retired Shell reservoir engineer who then got this
25 role as the group reserves auditor because he had

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2 the background and knowledge to -- to do that role.

3 Q. And do you know if KPMG had proffered
4 him as a person to fill the position?

5 A. I'm not 100 percent sure what that
6 word means.

7 Q. Offered him up as -- as a person to
8 fill the position.

9 A. No, I think the -- basically, when
10 Dr. de la Mar indicated that he wanted to retire,
11 Shell looked for a replacement and basically
12 offered him to KPMG, and KPMG obviously had a say
13 in whether or not they felt he was the right
14 person, and they were prepared to take him in under
15 that role.

16 Q. Okay. Now, do you know if
17 Price Waterhouse also had an opportunity to weigh
18 in on whether Mr. Barendregt should fill the
19 position?

20 A. What other consultation KPMG did in
21 part of that process, I don't know.

22 Q. Okay. Now, a moment ago, we had
23 discussed the value creation team, or VCTs.

24 Do you recall how many VCTs were
25 created?

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2 A. No.

3 Q. Let me give you a time frame. Around
4 1997.

5 A. No, I don't know; a couple, but I
6 have no idea how many.

7 Q. Okay. And am I correct that value
8 creation teams were created in or about 1997?

9 A. Yeah, that's a correct time frame.

10 Q. Okay. Were there different
11 objectives for each of the value creation teams?

12 A. Yes, they would all have a different
13 subject.

14 Q. Okay. Was there one or more value
15 creation teams that -- whose objective it was to
16 review Shell's reserves and reserves position?

17 A. One, to my knowledge.

18 Q. I'm sorry, one?

19 A. One team.

20 Q. Okay. Do you recall the -- the name
21 of -- of that value creation team?

22 A. No, I can't remember what the exact
23 name was --

24 Q. Okay.

25 A. -- reserves improvement or something,

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2 but I --

3 Q. Okay. And do you -- do you have an
4 understanding of what the focus of this value
5 creation team was? And now I'm just focused solely
6 on the one about reserves.

7 A. The focus was to improve the -- the
8 group's reserves reporting process.

9 Q. And when you say improve the group's
10 reporting process, can you be a little more
11 specific?

12 MR. TUTTLE: Objection to form.

13 THE WITNESS: It was looking at
14 whether or not the reporting, the Shell group
15 reporting, was done in an optimum way. I think
16 there were feelings on some parts we were being too
17 conservative in reserves reporting.

18 BY MR. HABER:

19 Q. When you say "too conservative,"
20 against what?

21 A. Against the -- the other -- other
22 major oil companies, basically.

23 Q. And who were the other major oil
24 companies against whom -- let me rephrase that.

25 Who were the other major oil

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2 companies?

3 A. SO Mobil, Chevron, Elf, BP, these
4 type of oil companies, the majors.

5 Q. Do you recall if one of the subjects
6 that they examined, the VCT examined was using the
7 probabilistic versus the deterministic method?

8 MR. TUTTLE: Objection; foundation.

9 You can answer.

10 THE WITNESS: They looked at -- at
11 all elements of -- of reserves reporting and --
12 and -- and specifically also probabilistic
13 reporting, yes.

14 BY MR. HABER:

15 Q. Do you know if there was any
16 particular focus of the VCT that we're talking
17 about?

18 MR. TUTTLE: Objection; asked and
19 answered.

20 If there's additional, you can
21 answer.

22 MR. HABER: I'll -- I'll withdraw.
23 I'll rephrase.

24 BY MR. HABER:

25 Q. Do you recall if there was a focus on

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2 the different types of reserves, different
3 categories, that is, proved developed versus proved
4 undeveloped in ways in which Shell might be able to
5 increase reporting of those different categories?

6 A. I mean, they looked at all categories
7 and in the end came up with a number of
8 recommendations, specific recommendations on what
9 they felt needed to be improved in the reporting
10 system.

11 Q. Now, do you recall who the sponsor of
12 the project was?

13 A. Phil Watts was the sponsor of the
14 project.

15 Q. Now, do you know who the members of
16 the VCT concerning reserves were?

17 A. There were a number of people from
18 different OUs. I don't recall all of them, but
19 David Bostick was on it, Ekor (phonetic)
20 von Meyenfeldt, Chinnenye Okereke. There was a guy
21 from New Zealand whose name I can't remember,
22 and -- and probably a couple of others.

23 Q. Were you a member of the -- of this
24 VCT?

25 A. No, I was not.

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2 Q. You said a moment ago that the VCT
3 made a number of recommendations.

4 Do you recall what recommendations
5 that this VCT made?

6 A. Yeah. One of the -- one of the main
7 recommendations was that specifically, the proved
8 developed in many cases was -- was very
9 conservative, and they recommended that in line
10 with groups -- sorry, sorry, industry standard, we
11 should report prove developed and expectation
12 developed as the same number.

13 MR. TUTTLE: You're going to drive
14 them nuts if you play with that.

15 THE WITNESS: I'm sorry.

16 BY MR. HABER:

17 Q. And what -- what are expectation
18 reserves?

19 A. Expectation reserves would be proof
20 plus probable in -- in the other definition. So
21 it's the mean of the probabilistic estimate.

22 Q. The 50 percent that it is reserves
23 versus 50 percent --

24 A. No, it's the mean, which is the
25 midpoint.

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2 Q. Okay. Okay. Fair enough.

3 A. It P50 and the mean are not
4 necessarily the same. It depends on the shape of
5 the curve.

6 Q. Okay. Do you recall when the VCT had
7 made the recommendation?

8 A. I think it must have been somewhere
9 at the start of the second quarter in '98, sort of
10 around April time, I would guess.

11 Q. You know, recommendations were made.
12 Did they have to be approved?

13 A. I don't know if there was a formal
14 approval process, but the -- the recommendations
15 were certainly reported to ExCom and I guess

16 subscribed to, or however you would call that. And
17 then the intent was that the -- the -- the next
18 step of those recommendations would be rolled into
19 the update of the reserves guidelines that year.

20 Q. And I believe earlier you testified
21 that someone had updated the guidelines in 1998?

22 A. Yeah.

23 Q. Is that correct?

24 A. Brad Kerr actually did the -- most of
25 the work.

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2 Q. And who is Brad Kerr?

3 A. He was a reservoir engineer that was
4 working in Rijswijk in -- whatever they were called
5 at the time, EPT or SEPTAR or whatever the name was
6 at the time.

7 Q. Now, did you have any involvement in
8 preparing the update -- updated guidelines with
9 Mr. Kerr?

10 A. What happened at the time was I -- I
11 got involved with the -- the final recommendations
12 of the VCT team and -- and prepared sort of an
13 initial summary of how we could implement that into
14 the -- into the guidelines, and I actually was off
15 work sick for about three or four months, which is
16 why Brad Kerr got involved. And when I came back,
17 I was involved in the tail end of sort of
18 finalizing it and -- and some of the final editing
19 and getting out the typos before it was sent out to
20 the operating units.

21 Q. And when you say "before it was sent
22 out to the operating units," I think I just asked
23 if there was an approval at all, so once -- I take
24 it, then, that there was no formal approval
25 necessary once you had finished the work?

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2 MR. TUTTLE: Objection to the
3 characterization.

4 You can answer.

5 THE WITNESS: The -- the updated
6 guidelines were given to KPMG for their -- for

7 their review that they were SEC compliant. And I
8 cannot recall exactly what the formal approval
9 process was that year, whether or not the final
10 draft guidelines were sent to either ExCom or one
11 of the ExCom members and then they said yes or
12 right -- I -- I -- I just don't recall how that
13 exact process went, but it was certainly supported
14 before they went out.

15 BY MR. HABER:

16 Q. Now, other than this year, when
17 you've updated the guidelines, is there an approval
18 process that your work needs to go through?

19 MR. TUTTLE: Objection; form.

20 THE WITNESS: In -- in the

21 later years, we -- there were only sort of minor
22 updates, clarification of things that were unclear,
23 minor additions on -- on things that hadn't been in
24 there before, like Athabasca Oil Sands got
25 explicitly mentioned at some point after we went

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2 through that -- that discussion.

3 And, again, the -- the changes were
4 made, and I'm not 100 percent sure whether or not
5 there was a formal approval. It was certainly
6 supported by my boss, but I don't know how far it
7 went up. I -- I just -- it wasn't a big sort of
8 approval process.

9 BY MR. HABER:

10 Q. So in terms of magnitude, the updates
11 after 1998 that you were involved in as GRC didn't
12 take on the same weight as the -- the change in
13 1998?

14 MR. TUTTLE: Objection to the
15 characterization.

16 BY MR. HABER:

17 Q. You can answer.

18 A. They were -- they were clarifications
19 only, basically, on the basic principles as they
20 were there.

21 Q. And is it fair to say that the
22 changes as a result of the VCT recommendations were
23 substantial?

24 MR. TUTTLE: Objection to the
25 characterization.

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2 THE WITNESS: No, I wouldn't call it
3 substantial, but there were certain -- certainly
4 a -- a larger rewrite of the guidelines than in
5 the years than after where they were just further
6 clarifications on -- on -- on what was there
7 already.

8 BY MR. HABER:

9 Q. Well, do you have an understanding of
10 what the impact of the changes to the guidelines
11 were in 1998?

12 A. As -- as a consequence of -- of the
13 revision of the guidelines and the different
14 specification and -- and the sort of the proved
15 developed, there was a significant increase in
16 proved developed and much smaller change on the
17 total proved reserves.

18 Q. Okay. I'm sorry, I didn't quite get
19 that. There was a significant change in the proved
20 developed, did you say?

21 A. No, I said there was a -- a fairly
22 large change in the proved developed --

23 Q. Okay.

24 A. -- but a much smaller change in the
25 total proved.

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2 Q. Okay. Now, I believe you had said
3 that KPMG reviewed the draft changes --

4 A. Um-hum.

5 Q. -- in '98.

6 Do you recall if KPMG had formally
7 made any -- any findings with regards to these
8 changes?

9 A. Yeah, we got a formal -- a formal
10 letter from KPMG on their review of the guidelines.

11 Q. Did Pricewaterhouse also review the
12 guidelines? And again, I'm talking the -- the '98
13 changes.

14 A. We formally asked KPMG in their role

15 as -- as looking after the reserves, through
16 affidavit we asked -- or Wouter van Dorp actually
17 did it and asked for their view. I don't know what
18 KPMG did internally and who else they -- they asked
19 for advice. We certainly didn't go directly to
20 Price Waterhouse on it.

21 Q. Now, when you had asked KPMG to
22 review the changes, was this --

23 A. Well, I didn't, Wouter van Dorp.

24 Q. Well, okay. I didn't mean you
25 personally. I apologize.

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2 A. Okay.

3 Q. When Mr. van Dorp --

4 A. Van Dorp.

5 Q. -- van Dorp made the request, was
6 there a -- a formal meeting that was assembled
7 where the changes were discussed?

8 A. Part of this process happened when I
9 was off, so I honestly don't know. I just wasn't
10 in the office for about three months.

11 Q. When KPMG made its findings, did it
12 present its findings orally or in writing?

13 MR. TUTTLE: Objection to form.

14 MR. CORSIN: Objection.

15 THE WITNESS: I think I just said --
16 I just already said, we got a formal note from
17 them.

18 BY MR. HABER:

19 Q. Well, again, I'm just trying to find
20 out what you mean --

21 A. In writing.

22 Q. -- by formal. Was it in writing?

23 A. In writing.

24 Q. Okay. And how was this note
25 presented?

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2 A. How was this note presented?

3 Q. Was it presented in a formal meeting
4 or was it just delivered by e-mail?

5 A. No. I mean -- there's actually a

6 hard copy with a signature at the bottom, so, I
7 mean, there's a formal piece of paper and not
8 through e-mail. Like I said, I'm not sure if there
9 was a meeting.

10 Q. Okay. Now, do you recall if the
11 deputy group controller reviewed the draft
12 guideline updates or updates to the draft
13 guidelines in '98?

14 A. I don't recall.

15 Q. Now, do you -- do you know if
16 Mr. de la Mar --

17 A. De la Mar, yeah.

18 Q. -- had reviewed the changes to the
19 guidelines in '98?

20 A. He was no longer there. He had
21 retired by that stage.

22 Q. Okay. By that stage. So it was
23 Mr. Barendregt?

24 A. Um-hum.

25 Q. Do you know if Mr. Barendregt had

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2 reviewed the draft changes?

3 A. Not formally, but I would guess so,
4 that he is -- ultimately he ends up auditing
5 against those guidelines. I'm not sure where in
6 part of the process he was involved in the issuing
7 of it.

8 Q. Um-hum. Do you know if anyone at the
9 OUs had expressed -- had expressed an opinion that
10 the changes to the guidelines didn't comply with
11 Rule 4-10?

12 MR. TUTTLE: Objection; foundation.

13 THE WITNESS: Not to my knowledge.

14 BY MR. HABER:

15 Q. Okay.

16 A. Do you mind if I just get some more
17 coffee?

18 MR. WEED: Yeah, sure.

19 (Pause.)

20 MR. HABER: Mark this as Exhibit 1.

21 (Aalbers Deposition Exhibit

22 No. 1 was marked for

23 identification.)

24 BY MR. HABER:

25 Q. For the record, we've marked as

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2 Aalbers Exhibit 1 an e-mail exchange that bears the
3 Bates number RJW01000895 through RJW01000897. It's
4 an e-mail exchange that the -- the last of the
5 e-mails is from a Johannes van Poppel to N. Paull,
6 and it's dated February 26th, 1999.

7 Mr. Aalbers, if you could just take a
8 look at it briefly, and in particular, I'm going to
9 ask you some questions about the e-mail from you to
10 Mr. van Poppel that appears on the second page of
11 this document, which is dated February 26th, 1999.

12 (The witness reviews the document.)

13 BY MR. HABER:

14 Q. Mr. Aalbers, are you -- are you ready
15 or you need some more time?

16 A. No, I'm fine.

17 Q. Okay. Have you seen these e-mails
18 before today?

19 A. I've seen these e-mails before, yes.

20 Q. Okay. And if you'll look at the
21 e-mail from you to Mr. van Poppel, it appears to be
22 discussing notification of the changes to the
23 guidelines in 1998 and how to report them publicly.

24 Is that a fair summary of -- of this
25 e-mail?

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2 MR. TUTTLE: Objection; other than
3 the document speaks for themselves, but you can
4 ask.

5 THE WITNESS: The -- the discussion
6 is about what header text will be included in the
7 annual report on the reserve statement.

8 BY MR. HABER:

9 Q. Okay. And if -- if I understand this
10 correctly, the proposed text refers to -- and I'm
11 just going to look at the quote rather than
12 characterizing it -- the quote in the middle says,
13 "Oil and gas reserves cannot be measured exactly

14 since estimation of reserves involves subjective
15 judgment and arbitrary determinations. Estimation
16 methods have been refined during 1998. Estimates
17 remain subject to revisions."

18 And if you go down further, you
19 comment on that, and you state, A statement
20 referring to a 'refinement of method' suggests, in
21 paren, (my opinion) that the changes are possibly
22 on the border, that is something we want/should
23 avoid.

24 Can you tell me what you meant to
25 convey by that?

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2 A. Well, the -- the discussion on -- on
3 the change to the guidelines were ultimately
4 whether or not it was a change in -- in accounting
5 methods or that you actually ended up it was a
6 revision of previous estimates, and if you would go
7 for a change in accounting methods, you would
8 basically then have to basically restate all the
9 numbers in prior years.

10 One of the main concerns that I
11 certainly had was the amount of work that would
12 have to be involved, and that was physically not
13 going to be very -- very handy to do.

14 So -- so that was actually our
15 largest concern, that whether or not people felt
16 that you had to restate or not. And we felt that,
17 first of -- well, like it's explained here, that in
18 terms of the total impact, it -- it's actually not
19 very large, and we haven't actually changed our
20 method, we've just revised the -- the -- the
21 estimate on the way we sort of -- we do the proved
22 developed and then the undeveloped follows from
23 that.

24 Q. Now, do you recall being involved in
25 any discussions with KPMG about how to communicate

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2 the changes publicly?

3 A. Well, I think what -- and -- and my
4 recollection is somewhat vague, is this is the

5 first time that we see that there is going to be
6 this sort of potential statement that it's going to
7 be changing. So the -- the discussion here is
8 happened on the -- at -- at group level, basically,
9 on the reporting side. So Hans van Poppel and the
10 people have been involved in that side and sort
11 of -- we weren't actually part of that discussion,
12 and that's, I think, when you look further back,
13 it's -- it's what Johannes van Poppel comments on.

14 So we were basically not part of the
15 discussion. We saw this result and we just
16 wondered what was happening and commented on it
17 from our perspective.

18 Q. If you go down again in your e-mail
19 to the bottom paragraph, the -- the full one, not
20 the one that carries over, you say, "We have been
21 fair when we presented the 1919" -- "1998 reserves
22 increases in the Q4/98" -- all caps -- "FY press
23 release and indicated they mainly resulted from
24 revisions in existing fields."

25 What were you intending to convey by

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2 that?

3 A. Well, the feeling that we had was
4 that when you look at the reserves that you
5 published, you publish prior year number, the new
6 number and a number of change categories. And
7 basically, the changes that resulted from this were
8 recorded under the revisions category, so they're
9 basically revisions to prior years' numbers.

10 So the changes were there, they were
11 in the right category, and whatever the magnitude
12 was, they were there under revisions.

13 Q. Was Gorgon one of these revisions?

14 A. Let me think. This is 1998. No,
15 Gorgon would have been booked the year before.

16 Q. Gorgon was booked in 1997?

17 A. Yes.

18 Q. And --

19 A. At least if you refer to proved

20 reserves; in terms of expectation, it was actually

21 booked before that.

22 Q. I'm referring to proved reserves. It

23 was booked in --

24 A. Nineteen --

25 Q. -- December of 1997?

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2 A. Sorry, 1997, January 1998, the year
3 when I started. This is one year later.

4 Q. Okay. Do you know how this issue was
5 ultimately resolved?

6 A. The text remained as it was, or a
7 minor variation, maybe. I'm not 100 percent sure
8 if it was exactly the wording, but it -- it
9 remained in.

10 Q. Okay. And were you aware of -- of
11 any perception that perhaps the changes, as you put
12 here, were on the border? Did anyone ever express
13 any comment to that effect?

14 A. No, I -- I don't think so. It's more
15 that when you read it out they might -- how can
16 people read a piece of text, you can read it in
17 different ways.

18 Q. Okay.

19 A. Do I hand this back or --

20 Q. Yeah, you can, I guess, just put it
21 down.

22 A. Okay.

23 MR. HABER: Um-hum, yeah.

24 (Aalbers Deposition Exhibit

25 No. 2 was marked for

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1 REMCO D. AALBERS

2 identification.)

3 BY MR. HABER:

4 Q. Just for the record, we've just
5 marked as Aalbers Exhibit 2 a Note for Information
6 to ExCom. In the upper left-hand corner, it's
7 dated January 28, 1999. Its Bates numbers are
8 RJW00072247 through RJW00072254.

9 (The witness reviews the document.)

10 BY MR. HABER:

11 Q. Have you seen this document before
12 today?

13 A. Yes.

14 Q. And this -- this is a note for
15 information to ExCom.

16 Did you prepare this document?

17 A. Yes, I did.

18 Q. Did anyone assist you in preparing
19 the document?

20 A. I was the prime author, but a number
21 of people have given comments on the note before it
22 finally went into ExCom.

23 Q. And do you recall who those people
24 were?

25 A. Wouter van Dorp would have been one,

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1 REMCO D. AALBERS
2 who was my boss, and depending on who exactly was
3 there at the time, either Lew or Louff (phonetic)
4 would have given at least some comments before it
5 went in.

6 Q. There's a reference on -- on the top
7 in parentheses on the -- underneath the heading
8 Note for Information, in all caps, it says ESOSC.

9 Do you see that?

10 A. Yes, ESOSC.

11 Q. What -- what does that stand for?

12 A. It's ESOSC, and it means excluding
13 Shell Oil and Shell Canada.

14 Q. Okay. And, again, just for the
15 record, Shell Oil is the United States operating
16 unit?

17 A. Yes. And Shell Canada is operating
18 in Canada.

19 Q. Right. I got that part.

20 A. Okay. I just wanted to be clear.

21 Q. Okay, thank you.

22 And what was the purpose for you
23 preparing this note?

24 A. The purpose was to tell ExCom what
25 was coming from the -- the ARPR process and report

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1 REMCO D. AALBERS
2 on reserves, both improved and expectation, and --
3 and also information on some of the exploration

4 discoveries in the year.

5 Q. Okay. Just look at the last page for
6 a moment.

7 A. The last page of text or of the
8 attachment?

9 Q. The very, very last page of the
10 document that ends in 72254. I believe this is the
11 covering message to this note?

12 A. Appears to be.

13 Q. Okay. If you'll look under Item 1,
14 it says to -- to distribution. And unfortunately,
15 there is no distribution list here.

16 Do you recall who this was sent to?

17 A. Let me see how this e-mail works. It
18 would have been distributed to all the ExCom
19 members at the time.

20 Q. And the reference to lady, do you
21 recall who the woman member of the ExCom was at
22 that time?

23 A. That must have been Linda Cook.

24 Q. And what region was Linda Cook the
25 director of?

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1 REMCO D. AALBERS

2 A. Linda was actually the director of --
3 not the region, but of the -- of the central --
4 central team, so the EP -- well, either EPB or EPS
5 at the time. So the -- the whole of the reserves
6 reporting, business planning, et cetera, that all
7 fell under Linda, basically.

8 Q. Okay. Is Ms. Cook still with the
9 company today?

10 A. Yes, she is.

11 Q. Does she serve on the board of the
12 company?

13 A. Yes.

14 MR. TUTTLE: Objection to form.

15 When you say company, which --

16 MR. HABER: When -- I said today,
17 that's the combined company.

18 MR. TUTTLE: If he knows.

19 BY MR. HABER:

20 Q. Is she a member of the board?

21 A. Yes.

22 Q. Okay. Now, if you look at the
23 letter, it says in the second paragraph, "The 1998
24 reserves replacement ratio for ESOSC" -- I think
25 you pronounced it ESOSC?

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1 REMCO D. AALBERS

2 A. ESOSC.

3 Q. ESOSC -- "looks very good, with an
4 overall BOE replacement ratio of 259 percent."

5 A. Um-hum.

6 Q. That figure, did that include both
7 oil and gas?

8 A. Yes.

9 Q. And are we -- were you referring to
10 proved developed reserves in that figure?

11 A. Yes. I should have said that in the
12 e-mail.

13 Q. Now, if you look at the -- the second
14 page of the note, under Replacement ratios, under
15 Proved, the second paragraph says, "The ESOSC
16 proved developed reserves re -- replacement ratio
17 for 1998 is 173 percent and 279 percent for oil/NGL
18 and gas respectively, 210 percent on a combined BOE
19 basis.

20 A. Um-hum.

21 Q. Can you explain that, please?

22 A. Explain in -- in what sense do you
23 mean?

24 Q. Well, I mean, I was just looking,
25 the -- the letter talks about --

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1 REMCO D. AALBERS

2 A. Yeah, the 259, you mean?

3 Q. Right. And then you're talking here
4 of 173 percent and 279 percent for oil and gas --

5 A. Because --

6 Q. -- and then 210 on a combined basis.

7 A. -- you need to go one paragraph up
8 where it talks about total proved. The line you've
9 now quoted is on the proved developed.

10 Q. Okay.

11 A. The 259 is just above that sentence.

12 Q. So you were just breaking it down,
13 then, by oil and gas?

14 A. No, there are -- you have the total
15 reserves and you have the element of reserves which
16 is developed, which is a subset of the total. So
17 the overall replacement rate shows what you people
18 normally look at is the total reserves, which was
19 the 259. If you just look at the developed element
20 of reserves, you get -- you can calculate a
21 separate replacement ratio.

22 Q. Okay. Okay. And if you look at the
23 paragraph under Financial Impact, it discusses the
24 changes to the guidelines as a consequence of the
25 recommendations of the VCT.

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1 REMCO D. AALBERS
2 Could you just read that paragraph to
3 yourself?

4 (The witness reviews the document.)

5 BY MR. HABER:

6 Q. Now, do you recall any discussion
7 about this paragraph -- withdrawn.

8 Do you recall any reaction from the
9 ExCom in response to the paragraph I just asked you
10 to read?

11 MR. TUTTLE: Objection; foundation.

12 You can answer.

13 THE WITNESS: No, I don't.

14 BY MR. HABER:

15 Q. Okay. Do you know who presented this
16 note to the ExCom?

17 MR. TUTTLE: Objection; foundation.

18 BY MR. HABER:

19 Q. All right. I'll go one step further.

20 Was this note presented to the ExCom?

21 A. I believe the note only went in for
22 information and wasn't necessarily presented this
23 year.

24 Q. During your tenure as GRC, do you
25 know if notes for information were presented to the

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1 REMCO D. AALBERS

2 ExCom?

3 A. I mean, in general, it depends on the
4 note. The note for information doesn't always
5 necessarily mean there was also a presentation
6 associated with it. It could also be just a note
7 for information and not separately presented. The
8 ExCom got a big file with a whole bunch of notes
9 every time they met, and some would be presented
10 and some would be without a presentation.

11 Q. Okay. So with regard to the
12 financial impact from the changes from the VCT, did
13 anyone on ExCom communicate to you personally about
14 the information that's reflected in this paragraph?

15 A. Not to my knowledge.

16 Q. Okay. Did anyone -- the same
17 question to any one of your bosses?

18 A. You would have to ask them.

19 Q. Well, did they say anything to you?

20 A. Not that I recall.

21 Q. Okay. Now, looking at the e-mail
22 message again, which is the last page of the
23 exhibit, the fourth paragraph down says, "The group
24 proved reserves are planned to be finalized by the
25 5th February 1999 with the group external auditors

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1 REMCO D. AALBERS
2 (PWC and KPMG) and group control."

3 Do you recall that event occurring in
4 or about early February of 1999?

5 A. Yes, it did.

6 Q. Did you participate?

7 A. Yes, I did.

8 Q. Okay. And do you recall there being
9 any discussion about the impact of the VCT
10 recommendations and changes in the guidelines
11 during that meeting?

12 A. Yes. We split out the -- the changes
13 by different categories, and that was discussed.

14 Q. Do you recall the sum and substance
15 of what was discussed?

16 A. No, I don't.

17 Q. Okay. Do you recall anyone conveying
18 in a meeting about how the reserves replacement
19 ratio had increased from prior years?

20 A. Well, I mean --

21 MR. MORSE: Objection to form.

22 THE WITNESS: -- I mean, as part of

23 the -- of the meeting, we -- we -- we showed sort

24 of historic reserves replacement ratios, which are

25 also in the -- in the attachment here. So that was

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1 REMCO D. AALBERS

2 clearly discussed.

3 BY MR. HABER:

4 Q. During this meeting, did anyone

5 consider the long-term effect of the change in the

6 guidelines?

7 MR. TUTTLE: Objection; foundation;

8 form.

9 THE WITNESS: Can you try and specify

10 what your -- what your question is?

11 BY MR. HABER:

12 Q. Sure. During the meetings that you

13 had with -- with the auditors --

14 A. Um-hum.

15 Q. -- was there a discussion about how

16 the changes to the guidelines would impact the RRR

17 in subsequent years?

18 A. The -- the refinement of the

19 guidelines and the -- and the sort of the stepover

20 to -- to specific proved developed equals

21 expectation developed or literally tying it into

22 the no further activity forecast, which is

23 actually, when you look at the current way of doing

24 the reserves, that is what the deep --

25 deterministic method is anyway.

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1 REMCO D. AALBERS

2 Proved developed was always very --

3 an extremely conservative number in the

4 deterministic method, and not -- people didn't --

5 people didn't pay much attention to it. It was

6 clear that that change would only happen once. I

7 mean, you get that changeover, and it's a

8 once-of-time effect, and they're only just

9 reporting that same basis, and you're not going to

10 have that effect in the years thereafter, but by

11 for maybe one or two fields where people didn't get
12 around to implement it, but that was going to be a
13 minor effect.

14 Q. So was there any discussion again
15 with the auditors about what would happen in the
16 future with regard to -- withdrawn.

17 Within -- within EP, is there any
18 discussion about the fact that the change in the
19 guidelines would, in effect, only have a one-time
20 effect on the RRR?

21 MR. TUTTLE: Object to form.

22 You can answer.

23 THE WITNESS: That was a rather broad
24 question, but I certainly made that clear to
25 people, that the effect that we had here you

0233

1 REMCO D. AALBERS
2 wouldn't see in the next year or the year after,
3 because you can only book them once and then
4 they're on the books, and that's it.

5 BY MR. HABER:

6 Q. And who did you convey that message
7 to?

8 A. To different people: my boss, his
9 boss.

10 Q. When you say your boss, who -- who at
11 the time? I know it changed a little bit.

12 A. '99. Let me think again.

13 It's -- '90 -- that's Wouter still at
14 that time --

15 Q. Okay.

16 A. -- Wouter van Dorf.

17 Q. And -- and when you said his boss,
18 are you referring to Lew Watts?

19 A. I believe Lew was still there at that
20 point, yes, so I think Lew would have come slightly
21 thereafter.

22 Q. Do you recall what their reaction was
23 to your message?

24 A. They understood that, that was clear
25 that was once over effect.

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1 REMCO D. AALBERS

2 Q. Did they agree with what -- what you
3 were saying?

4 A. Yes.

5 Q. Do you know if that was communicated
6 to anyone at the ExCom?

7 A. I don't know.

8 Q. Do you know if anyone communicated
9 this to Philip Watts?

10 A. The same answer, I don't know.

11 MR. TUTTLE: Objection; asked and
12 answered, but --

13 BY MR. HABER:

14 Q. You can put -- put that aside.

15 Earlier, we discussed some
16 communications in the ARPR process that you had
17 with KPMG.

18 A. Um-hum.

19 Q. And you had identified a number of
20 areas. You said Nigeria, Erha I believe,
21 Abu Dhabi, fuel and flare, and you said something
22 in the States.

23 A. No, that was in relation --

24 MR. TUTTLE: Objection.

25 THE WITNESS: -- to the note to the

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1 REMCO D. AALBERS

2 ExCom.

3 BY MR. HABER:

4 Q. The note to the ExCom?

5 A. If I recall correctly.

6 Q. Okay. Well, let's just talk about
7 the issues as opposed to putting them in -- in a
8 context.

9 What did you mean by fuel and flare?

10 A. If you look at the group guidelines,
11 it explicitly stated that reserves were to be
12 reported, excluding on use fuel and flare, so gas
13 that basically you did produce but didn't actually
14 get sold to markets. That's -- on that basis,
15 basically all of ESOSC reported on that basis,
16 because they were reporting the guidelines.

17 Shell Oil, because it initially had
18 been reporting its own reserves, actually had

19 always included their fuel and -- and -- and flare
20 numbers, specifically fuel numbers in their
21 reserves.

22 This was something that sort of came
23 up as part of reviewing numbers over time, and that
24 was clearly an inconsistency between the group
25 guidelines, and I felt that as we reported on
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1 REMCO D. AALBERS

2 one -- we should report on one sort of guidelines,
3 we should all report -- report all numbers on that
4 same basis. So the numbers for Shell Oil should be
5 reported excluding fuel and flare, just like of all
6 use in fuel and flare like -- like the rest of the
7 group did.

8 Q. Were there others who you
9 communicated your position to who -- who shared
10 that view?

11 A. Yes. I mean, I discussed that view
12 with -- with the people in The Hague, my boss. He
13 agreed with that principal statement, but there
14 were lots of people who were against that.

15 Q. And who -- who -- who is your boss at
16 that time?

17 A. What's -- let me think. This was
18 since '99. That must have been Aidan at the time.
19 Aidan McKay.

20 Q. And you say that there were others
21 who were not in agreement.

22 Who are you referring to?

23 A. Specifically on the Shell Oil side,
24 there was quite a bit resistance to -- to make that
25 change in the reserves reporting.

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1 REMCO D. AALBERS

2 Q. Do you recall from -- I'm sorry.

3 A. Specifically were discussions with --
4 with Geri Egan, who was, I believe, the -- I'm
5 saying the title, but financial manager or
6 something of Shell Oil.

7 Q. And did you have discussions with
8 Ms. Egan?

9 A. Yes.

10 Q. And -- and do you recall the sum and
11 substance of those discussions?

12 A. The discussion was basically on -- on
13 whether or not that was the right way to do it and
14 that was what the SEC required and what potential
15 impact would be of -- of taking that out of the
16 reserves, whether or not that would give people
17 incentive to sort of maybe use more or less gas
18 than they might do otherwise.

19 Q. And do you recall specifically what
20 she had communicated to you?

21 A. Well, I mean, she was -- she was
22 trying to get to a position where we wouldn't make
23 the change, and -- and we had a long discussion on
24 whether or not that was the right way to do it, and
25 if -- if you look at how other measures have

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1 REMCO D. AALBERS

2 reported this, some exclude it and some don't.

3 The SEC guidelines by themselves are
4 not clear on this point. My main issue was that I
5 felt we should be consistent against our own
6 guidelines. I mean, we set a certain guidelines,
7 and we should make sure that all the numbers were
8 reported accordingly. And this was a -- a small
9 inconsistency that I felt needed to be aligned with
10 the guidelines.

11 Q. And how is this issue resolved?

12 A. Basically, we couldn't get to a full
13 agreement with Shell Oil on this. It was put in
14 the note to ExCom as a recommendation that we would
15 actually take it out of the reserves. ExCom
16 actually didn't make that decision that year but
17 felt that more review was required. It was
18 ultimately lined -- aligned a year -- a year later.

19 Q. So -- so essentially your position
20 was ultimately adopted?

21 A. Yes, but not in that year, but one
22 year later.

23 Q. Okay. So that would be 2000, or is
24 that early 2001?

25 A. So that would be -- yeah, that was

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1 REMCO D. AALBERS

2 over 2000, so early 2001 would be that, yeah,
3 correct.

4 Q. Okay. Other than Geri Egan, did you
5 have any discussions with anyone else at Shell Oil
6 on the issue?

7 A. Yes, there were -- also would have
8 been discussions, Rod Sidle would have been
9 involved as their reserves coordinator. And I
10 can't remember, there were one or two people who
11 actually were my -- the -- the people that I sort
12 of dealt with in getting the numbers. I just can't
13 remember the name at the moment.

14 Q. What was Mr. Sidle's position?

15 A. He was the Shell Oil reserves
16 coordinator.

17 Q. Okay. And do you recall whether
18 Mr. Sidle agreed or disagreed with your view?

19 A. I don't.

20 Q. Okay. Were there occasions other
21 than on the issue of the fuel and flare where you
22 spoke with Mr. Sidle for advice?

23 A. Yes.

24 MR. TUTTLE: Objection to the
25 characterization; objection to form.

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1 REMCO D. AALBERS

2 BY MR. HABER:

3 Q. Okay. And what -- what instances did
4 you call upon Mr. Sidle?

5 A. Well, we discussed the Athabasca Oil
6 Sands, and as part of that process, we also sort of
7 sought his input into the issue and -- and whether
8 or not -- what the SEC rule interpretation was on
9 that specific -- specific point.

10 Q. And do you recall what Mr. Sidle had
11 said?

12 A. He clearly indicated that from the
13 SEC rules it wasn't supportable.

14 Q. Did he indicate this in writing?

15 A. It would have been likely an e-mail
16 conversation, so I -- I presume there was an e-mail
17 at some point where that was stated.

18 Q. Can you think of any other instances
19 related to your duties and responsibilities as
20 group reserves coordinator where you called upon
21 Mr. Sidle for advice?

22 MR. TUTTLE: Objection to the
23 characterization.

24 You can answer.

25 THE WITNESS: For advice? I mean,

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1 REMCO D. AALBERS

2 as -- as the reserves coordinator of Shell Oil, as
3 part of the reporting process, I mean, I would have
4 dealings with him in terms of the -- the annual
5 reporting of numbers.

6 For a specific as an advice on what
7 to do, I think these two spring to mind, and I
8 can't at the moment recollect another instance
9 where we did that.

10 BY MR. HABER:

11 Q. Other than seeking advice, were there
12 instances where you just wanted to bounce ideas off
13 of him?

14 A. We -- we had discussions at -- at
15 some point where -- when -- when Shell Oil aligned
16 and they used their own guidelines. We -- we tried
17 to sort of get the -- the group guidelines
18 specifically reporting on expectation reserves and
19 scope for recovery adopted also by Shell Oil,
20 because historically, they only reported proved
21 reserves.

22 So we -- we had quite a bit of a
23 discussion and -- and ultimately, Shell Oil adopted
24 reporting of the other categories as well, but that
25 took time, because they couldn't do that instantly,

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1 REMCO D. AALBERS

2 but they took it sort of a year to sort of
3 implement those other categories and get their
4 systems aligned to sort of do the full reporting
5 aligned with -- with group requirements.

6 Q. You also mentioned Abu Dhabi as -- as
7 an issue, and I think this is in connection with
8 the ExCom.

9 A. Yes.

10 Q. What are you referring to there?

11 A. The discussion with Abu Dhabi was in
12 terms of how many barrels or how much in reserves
13 they could produce until their license expiry, and
14 it wasn't necessarily an agreement of whether or
15 not there was oil in the ground, because there was
16 plenty of oil there, but how much could you book as
17 prove reserves up to last expiry.

18 Their reserves actually assumed a
19 business plan increase in -- in production levels,
20 which they had been predicting for a number
21 of years, but -- but that kept on being deferred in
22 time. And they actually carried the same forecast
23 for proved as expectation reserves, and I actually
24 felt that for the prove, they should take a more
25 conservative assumption on -- on how that growth

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1 REMCO D. AALBERS

2 forecast would materialize.

3 Q. Did you have discussions with the RBA
4 of Abu Dhabi with regard to your position that
5 they --

6 A. Yes.

7 Q. -- ought to be more conservative?

8 A. Yes.

9 Q. And who did you speak with?

10 A. That was John Blosscos (phonetic) at
11 the time.

12 Q. And what was his position?

13 A. He wasn't sure. He, on the one hand,
14 could see my side of things but felt he needed to
15 get that supported before he wanted to move on it.

16 Q. Did he indicate that he was getting
17 any -- any pressure from senior management to book
18 reserves?

19 MR. TUTTLE: Objection; foundation.

20 BY MR. HABER:

21 Q. You can answer.

22 A. The discussion at Abu Dhabi wasn't
23 about booking reserves but debooking some reserves.

24 Q. Okay. So when you were saying you
25 were -- your position was that they ought to be

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1 REMCO D. AALBERS

2 more conservative, were you advocating that
3 reserves be -- be debooked in Abu Dhabi?

4 A. Yes, I was.

5 Q. Do you recall how much?

6 A. It wasn't a lot. Something like 6 or
7 7 million cubic meters off the top of my head.

8 Q. Do you know what that translates to
9 in BOE?

10 A. Multiply by 6.

11 Q. Okay.

12 A. So 36, roughly.

13 Q. Right. Was -- did you discuss your
14 view with your bosses?

15 A. Yes.

16 Q. And what was their reaction?

17 A. They -- well, ultimately, the -- the
18 note that went to ExCom recommended that we would
19 do a certain amount of debooking, so they supported
20 that going forward to ExCom, because we didn't get
21 it resolved with the RBA.

22 Q. And do you recall what the reaction
23 of ExCom was?

24 A. ExCom declined and didn't take up the
25 recommendation.

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1 REMCO D. AALBERS

2 Q. What was your reaction to that when
3 you learned that -- learned the decision of ExCom?

4 A. I was disappointed.

5 Q. Did you communicate that
6 disappointment to anyone?

7 A. To my boss.

8 Q. At that time, that was who?

9 A. Aidan McKay.

10 Q. Did Mr. McKay have a -- a reaction to
11 that decision?

12 A. Yeah, I'm pretty sure he had a
13 reaction.

14 Q. Do you recall what that reaction was?

15 A. I think he was disappointed as well
16 that that part of the recommendation wasn't taken

17 up.

18 Q. Did you discuss the decision with the
19 RBA?

20 A. Yes, I'm pretty sure we communicated
21 that with him as well, because ultimately that
22 needed to roll into the final reserves numbers. So
23 it was about were we going to make this change, yes
24 or no, and the decision was that we weren't going
25 to make the change and keep the numbers as they
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1 REMCO D. AALBERS

2 were.

3 Q. Now, what was his reaction to -- to
4 the ExCom decision?

5 A. I don't recall.

6 Q. Now, when we're talking about license
7 expiry issue, what are you referring to?

8 A. Basically depending on -- on the type
9 of process you have signed, you can either have a
10 license which is indefinite, so basically ends when
11 the volumes run out and the fuels get closed in.
12 Other concessions, you might have a 10-year or a
13 20-year concession and when that period ends, then
14 you either have to renew or you have to relinquish.

15 Q. And do you recall when the licenses
16 were to expire in Abu Dhabi? If you recall.

17 A. I used to know these numbers off the
18 top of my head. I think Abu Dhabi was 2012.

19 Q. So, then, based upon the business
20 plan, they -- they were projecting that there was a
21 certain amount of -- of gas that fell outside the
22 license period for production; is that correct?

23 MR. TUTTLE: Objection; foundation.

24 THE WITNESS: No, it's not.

25 BY MR. HABER:

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1 REMCO D. AALBERS

2 Q. Okay. I'm sorry, go ahead, you were
3 about to correct me.

4 A. Abu Dhabi is oil.

5 Q. Oh, I'm sorry, oil. But in terms of
6 oil, is that -- is that how the concept works, that
7 there was a certain amount of oil that needed to be

8 produced within license and that there was a
9 certain amount that fell outside of the license,
10 and that that oil had already been booked as
11 approved?

12 MR. TUTTLE: Same objection.

13 THE WITNESS: In Abu Dhabi, there was
14 a lot of oil. The issue was how much would you
15 produce in the years from the day you are today up
16 to 2012. The business plan assumed a number of
17 investments and -- and some increase in production
18 levels, and -- and that integral forecast basically
19 determined the bit of reserves that were within
20 license that you could book.

21 As time moved on, a number of years,
22 that growth actually got deferred for all sorts of
23 reasons, over quotas, restrictions, other issues.
24 So to keep that same reserves on the books, you
25 either had to assume the forecast would get even

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1 REMCO D. AALBERS

2 higher over time to keep the same integral up to
3 the license, so you sort of move up into sort of an
4 even steeper cliff.

5 I had already got the pouring rights,
6 agreed with Abu Dhabi that they were not allowed to
7 increase the level to what they assumed the
8 forecast was going to rise, and if -- if the --
9 basically the -- the -- the -- the increase got
10 deferred by one year, you should have basically
11 lose one element at the end, so you just sort of
12 push it into the -- into the horizon.

13 My issue was that I didn't feel that
14 we should every year just end up debooking what
15 didn't happen, but actually take a more
16 conservative view on the proved reserves already
17 and say, well, let's assume it's not going to
18 happen as they say but say basically two years
19 later. And that now basically gives you a delta
20 against the business plan forecast. So you'd end
21 up with a proved forecast and an expectation
22 forecast, giving you a different amount of reserves
23 within license.

24 So one giving you the proved within

25 license, the other giving you a higher potential

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1 REMCO D. AALBERS

2 expectation within license.

3 BY MR. HABER:

4 Q. Were there reserves that had been
5 booked, ever debooked in Abu Dhabi?

6 A. Yes. We already had one or two years
7 where we already had a minor downward adjustment
8 because that forecast didn't quite materialize.

9 Q. And when we say a number of years,
10 when -- when are we talking about, again, in
11 relation to the ExCom decision?

12 A. I think in '99 we already debooked a
13 small number as well, because the growth was sort
14 of somewhat later than they had originally
15 forecasted.

16 Q. So after the ExCom declined the
17 recommendations, subsequent to that, there was a
18 debooking of some reserves in Abu Dhabi?

19 A. Wow, I can't remember whether or not
20 that year there was also small adjustment. There
21 certainly wasn't the additional adjustment that I'd
22 indicated I felt we should take. What the exact
23 number in that year was, I can't recall.

24 Q. Okay. And do you know if any
25 reserves had been recategorized as a consequence of

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2 Project Rockford?

3 A. Yes, as part of the restatement,
4 there have been changes to the Abu Dhabi reserves.

5 Q. Okay. And do any of those changes
6 relate to the issue that you just testified about?

7 A. Yes, they do.

8 Q. And do you recall how much oil and
9 reserves were recategorized as part of

10 Project Rockford?

11 A. No, I don't.

12 Q. Okay. Now, I think we also talked
13 about -- I'm sorry, you talked about, I believe, a
14 field in Nigeria called Ehra?

15 A. Ehra.

16 Q. Ehra; is that correct?

17 A. Um-hum.

18 Q. And that's E-h-r-a?

19 A. Yes.

20 Q. And what operating unit was that
21 within Shell?

22 A. Ehra was the deepwater Nigeria and
23 fell under SNEPCO. Ehra was actually a normal
24 operated discovery and it was operated by SO Mobil.

25 Q. I'm sorry, I didn't hear. That was

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2 operated by?

3 A. SO Mobil.

4 Q. Okay. Do you recall what the Shell
5 share was with Ehra?

6 A. No, I don't.

7 Q. And what was the issue in Ehra that
8 you were referring to?

9 A. The issue in Ehra was whether or not
10 SNEPCO was actually going to book reserves for Ehra
11 for that year-end.

12 Q. Can you just be a little bit more
13 specific as to what the issue was with regard to
14 whether to book or not book?

15 A. Ehra was discovered either earlier
16 that year or late the year before. A second
17 appraisal well was drilled, and the intent was to
18 get sufficient information to get to a technique
19 and commercially mature field development plan that
20 could support booking reserves by year-end.

21 Q. Now, what year are we referring to?

22 A. We're still on year-end '99.

23 Q. Okay. So, again, this issue would
24 have arisen during the ARPR in 2000?

25 A. In the ARPR discussion in

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2 January 2000.

3 Q. Okay. Now, do you recall how much
4 resource was discovered in 1999?

5 A. I believe the booking was something
6 like 24 million cubic meters and we're discussing

7 Shell share.

8 Q. Now, is this oil or gas?

9 A. This was oil.

10 Q. Okay. And what position did you have
11 with regard to whether reserve, proved reserves
12 could be booked?

13 A. Ehra had indicated throughout the
14 year that they would be ready by year-end to book
15 reserves. What happened was that the last possible
16 moment when they were going to submit, they
17 actually changed their mind and didn't submit it,
18 because they had come to understand that ESOSC
19 wasn't going to book any reserves. The discussion
20 was then, well, yeah, what ESOSC does is really not
21 of our concern, it's about have we done sufficient
22 work to justify that we believe there are reserves
23 there and -- and quite a bit of technical work had
24 been done.

25 Q. Beyond a second appraisal well, what

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2 other technical work had been done to support the
3 booking?

4 A. My understanding was that technical
5 work was -- was done by Shell Deepwater Solutions
6 to support sort of a notional field development
7 plan for -- for the Ehra field.

8 Q. And do you recall -- withdrawn.

9 You said Shell Deepwater Solutions;
10 is that the same as Shell Deepwater Services?

11 A. Oh, Shell -- yeah, SCS -- yeah, SDS,
12 Shell Deepwater Services, sorry.

13 Q. That's okay.

14 A. It's Global Solutions Services,
15 apologies.

16 Q. Okay. That's okay. And SDS, where
17 were they located?

18 A. They were located in Houston.

19 Q. Okay. And who did you -- strike
20 that.

21 Did you speak to anyone at SDS
22 concerning the Ehra booking?

23 A. No. In principal, the relation

24 between the group reserves coordinator was always
25 through the operating unit. So whether or not they
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2 were happy with the technical work was within the
3 operating units, ultimately.

4 Q. So I take it you spoke with the RBA
5 and SNEPCO?

6 A. No. The RBA is the regional business
7 advisor who actually sits in The Hague.

8 Q. Okay.

9 A. The reserves coordinator from SNEPCO
10 sits -- he sits with SNEPCO in Nigeria.

11 Q. Okay. Thank you.

12 And who is the reserves coordinator
13 in SNEPCO?

14 A. I knew you were going to say that.

15 Q. I'm sorry, I have to ask.

16 A. I don't recall who -- what his name
17 was just now.

18 Q. Okay. Again, if you recall it during
19 a break, if you can let us know.

20 A. That reminds me about those names on
21 cap allocation. One was David Brown and the other
22 was Archie Bunzell --

23 Q. Okay.

24 A. -- those two names I didn't remember.
25

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2 Q. Now, do you recall in your
3 communications with the reserves coordinator and
4 SNEPCO discussing whether Ehra -- Ehra had reached
5 technical maturity?

6 A. Yes, that was the understanding we
7 had at the time, and like I said before, the only
8 reason in the end they weren't putting it in,
9 because they'd come to understand that ESOSC wasn't
10 going to book it, and then the gentleman said,
11 well, if they're not booking it, then he -- he
12 basically sort of got cold feet and didn't want to
13 book it, either, because ESOSC wasn't booking it.

14 Q. And, again, I'm sorry, what -- what

15 was your view? Should it have been booked at that
16 time?

17 A. Yes, my view was that if we had done
18 sufficiently high technical work, to a degree that
19 was technically commercially mature, we should book
20 it, and it wasn't conditional what ESOSC did. What
21 ESOSC did was ESOSC's concern and not our concern.

22 Q. Had you reviewed any reports from
23 SNEPCO that supported the view that it was
24 technically mature?

25 A. No, that wasn't my role in the

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2 process, that was up to SNEPCO to determine whether
3 or not they felt that was -- that was done.

4 Q. And were you advised that they had
5 received sufficient support from SDS?

6 A. Yes, that's what we -- we understood,
7 or what I understood, I'm sorry.

8 Q. And what was your understanding with
9 regard to the scope of retention for SDS?

10 A. I'm sorry?

11 Q. Let me rephrase. Thank you.

12 What did you understand SDS was
13 retained to do?

14 A. SDS --

15 MR. TUTTLE: Objection; foundation.

16 You can --

17 THE WITNESS: SDS provided technical
18 expertise because SNEPCO wasn't staffed up to do
19 some of that work, specifically, because Ehra was
20 part of the nonoperating venture element, and we
21 initially -- it was going to be ESOSC that would
22 have to provide the development plan; it was clear
23 they weren't going to do it in a time frame that we
24 were hoping it was going to be done.

25 So they basically got SDS involved to

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1 REMCO D. AALBERS

2 do that on our behalf -- or on their behalf,
3 basically, but for Shell.

4 BY MR. HABER:

5 Q. Okay. Now, earlier you had mentioned

6 that a second appraisal well had been drilled.

7 In -- in the process of technical

8 maturity of determining whether or not a particular
9 field reaches technical maturity, is there a step
10 that comes after the drilling of a second appraisal
11 well?

12 A. That's the notional -- the -- the
13 fuel development plan or notional fuel development
14 plan, or whatever you want to call it.

15 And -- and it also depends on the
16 field. I mean, for one field, one expiration well
17 might be enough, and in some fields, we'll have to
18 do five appraisal wells until we get to a point
19 where you feel you're commercially mature. So it
20 depends on the field.

21 Q. Okay. And with regard to Ehra, two
22 appraisal wells was deemed sufficient; is that
23 correct?

24 A. Yes.

25 Q. Okay. Now, do you know if any of the
0258

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2 reserves that had been booked -- strike that.

3 What was the position of the ExCom
4 with regard to whether to book Ehra or not?

5 A. Ex -- ExCom supported booking Ehra at
6 the time.

7 Q. Okay. And do you recall if any of
8 the reserves that were booked in Ehra were
9 recategorized as a consequence of the
10 Project Rockford?

11 A. Yes, they were.

12 Q. And do you have an understanding as
13 to why those reserves were recategorized?

14 A. The change was mainly because of the
15 timing of FID. Before 2004, the group guidelines
16 didn't require a field to have formally passed FID
17 to book reserves. A notional field development
18 plan that was technically and commercially mature
19 was good enough. As part of the restatement, all
20 reserves got realigned with when final investment
21 decision was made.

22 Q. At -- at the time, was it your

23 understanding that the -- the Ehra field had
24 reached commercial maturity?

25 MR. TUTTLE: At -- at what time?

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2 MR. HABER: At the time of the
3 booking.

4 THE WITNESS: Yes, obviously;
5 otherwise, it couldn't have been booked.

6 BY MR. HABER:

7 Q. Okay. Now, was there a -- a VAR
8 process at the time that Ehra was booked?

9 A. Yes, I think the VAR process was
10 there at the time.

11 Q. Okay. Do you know if Ehra went
12 through the VAR process?

13 A. I don't believe it went through VAR
14 at that point.

15 Q. Was there a point when it did go
16 through VAR?

17 A. It must have gone through VAR later
18 on to get to the final investment decision, which
19 was, I can't remember, taken one or two years
20 later.

21 Q. When you say "it must have gone
22 through VAR later on," when are you referring?

23 A. Well, we're now talking about the
24 booking in 2000.

25 Q. Right.

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2 A. FID was actually taken later, and
3 there -- we have been -- there had some form of a
4 VAR, noting this was a nonoperated venture, so the
5 VAR sometimes took a slightly different form from
6 sort of the operated to fields.

7 Q. So the -- the booking was made prior
8 to FID?

9 A. Yes. Which was in line with the
10 Shell guidelines at the time.

11 Q. Right. And -- and it -- and it was
12 booked prior to the VAR process, correct?

13 MR. TUTTLE: Objection; asked and

14 answered.

15 BY MR. HABER:

16 Q. I just want to make it clear.

17 You can answer.

18 A. Yeah, I don't recall that there was a
19 VAR at that point in time.

20 Q. Okay.

21 MR. TUTTLE: Are you getting ready to
22 move to a new subject? Can we take two minutes?

23 MR. HABER: Let me just make sure.

24 (Pause.)

25 MR. HABER: Yeah.

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2 THE VIDEOGRAPHER: We are going off
3 the record. The time is 4:22 p.m.

4 (Recess.)

5 THE VIDEOGRAPHER: We are back on the
6 record. The time is 4:39 p.m.

7 MR. WEED: Okay. We're just noting,

8 for the record, a mistake that appears on the
9 transcript. This is the nonfinal transcript, and

10 it is also on the transcript that has -- I

11 understand some transcripts have 22 pages --

12 22 lines per page; some have 25 lines per page.

13 We're reading off a transcript that's
14 got 25 lines per page. We're looking at Page 142.

15 We're looking at Lines 20 and 21. There is a
16 reference to, as it says on the draft transcript,

17 "Arthur Bossco," meaning Athabasca, and that was --

18 that was an incorrect reference. The reference

19 really should be to Iran. And I just wanted to

20 record that.

21 And I want to make sure we had

22 agreement of the parties that that's -- we

23 understand that's a mistake and it should be Iran.

24 MR. HABER: Right. That's

25 understood. That's fine with us.

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2 THE WITNESS: Okay.

3 MR. WEED: Thank you.

4 BY MR. HABER:

5 Q. Mr. Aalbers, we finished with ERA,
6 and I believe the other area that you mentioned
7 with regard to involvement by ExCom was Nigeria.

8 Since I know ERA is part of SNEPCO,
9 are you referring to the other operating unit in
10 Nigeria, SPDC?

11 A. Yes.

12 Q. Okay. And what do you recall was the
13 issue there?

14 A. The discussion on Nigeria was another
15 one of volumes bookable versus the license expiry
16 in Nigeria for the MOU in 2019.

17 Q. Now, with regard to the license
18 expiry, can you be a little bit more specific as to
19 what the issue was?

20 A. The issue was the that the -- the
21 current license that SPDC had for the onshore had
22 an expiry date of 2019. Nigeria were actually
23 planning to book another 50 million cubic meters of
24 oil, and so 300 million barrels of oil equivalent,
25 and -- that year and -- whereas I felt that they

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2 already had a significant reserves on the book that
3 already required quite a large production increase
4 in the future to actually be able to produce those
5 volumes within license.

6 Q. And how did you reach the opinion
7 that SPDC required a large production increase in
8 order to produce within license?

9 A. If you look at -- if you looked at
10 the Nigeria business plan, they were forecasting
11 a -- a reserves increase. And if you pulled that
12 reserves increase out and then actually calculated
13 how much they could produce up to license, when you
14 look at sort of different levels of production in
15 the future, you can work out how much they
16 theoretically could produce up to license.

17 And they already needed about a
18 seven-year growth up to -- top of my head --
19 something like 1.4 million, 100 percent production
20 to actually be able to produce the reserves that
21 they had on the books at that point as proved

22 reserves.

23 Q. And was that -- historically, were --
24 was SPDC producing 1.4 million barrels a year?

25 A. They had -- they had come from a
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2 level of -- from somewhere around a million barrels
3 per year. And due to the unrests and the problems
4 they had in recent years, their production had
5 actually dropped below the million -- somewhere
6 around the 750 million -- 700, 750 million per
7 year.

8 Q. And when you say "unrest," what are
9 you referring to?

10 A. The community disturbances that we
11 had in -- that Shell was suffering from in Nigeria
12 and -- whereas sometimes, it was difficult to get
13 access to certain fields or get drilling rigs into
14 fields. And quite a bit of production was actually
15 closed in and couldn't be produced at that point.

16 Q. And you said "other problems." What
17 other problems are you referring to?

18 A. Well, the unrest had -- had several
19 things. Production would get closed in, sometimes
20 pipelines would be sabotaged and were difficult to
21 repair, and also so because if we didn't have --
22 the group didn't have access, there were problems
23 with keeping integrity. And if, after some time,
24 you came back, you couldn't actually just start
25 stuff up because it hadn't sort of been maintained
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2 in the -- in the interim.

3 Q. Was there also a problem with
4 staffing SPDC with technically competent people?

5 MR. TUTTLE: Objection to form.

6 THE WITNESS: Nigeria has always been
7 a difficult area, and -- and attracting staff to
8 work in Nigeria is always a challenge.

9 BY MR. HABER:

10 Q. And were those challenges impacting
11 SPDC's ability to produce within license?

12 MR. TUTTLE: Objection; foundation.

13 THE WITNESS: I don't know.

14 BY MR. HABER:

15 Q. Did you have any communications with
16 anyone at SPDC concerning SPDC's desire to book an
17 additional 50 -- was it 50 million cubic meters?

18 A. Yes.

19 Q. Who did you speak with?

20 A. I'm trying to remember. I think the
21 reserves -- the chief reservist at the time was the
22 Bram Sieders. I think Janennie (phonetic) was
23 still the reserves coordinator, but I'm not
24 100 percent sure whether or not he was already --
25 somebody else took over after him. And -- and

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2 there were also discussions with people in sort
3 of -- in the center in -- in SPDC in Lagos.

4 Q. Now, who did you speak to at the
5 center?

6 A. I don't recall their name at the
7 moment.

8 Q. Okay. Do you recall discussing
9 staffing issues with any of the people you just
10 identified or at least the positions that you just
11 identified?

12 A. As -- as part of the discussions
13 on -- on the reserves integrity, I mean, there had
14 been discussions with -- with Bram Sieders as well.
15 I mean, Nigeria has many -- well, fairly complex
16 fuel resources-type reservoirs. And to keep
17 accurate records on -- on all of those individual
18 fields had proved a challenge at times in Nigeria.

19 Q. When you say that it "proved a
20 challenge," why?

21 A. Because, for certain fields, when you
22 looked deeper into the -- into the details by
23 reservoir and by unit, you could find parts of the
24 field where subsequent years' production had been
25 taken off the proved reserves and they actually

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2 ended up having negative proved reserves in the
3 books because they never got around to actually

4 correct the total proved for those specific units.

5 In some cases, that could be -- if
6 you updated it, that problem would go away. In
7 some cases could be problems with allocation within
8 individual layers between the reservoirs, just a
9 lot of sort of data -- data problems that they had.

10 And --

11 Q. And -- I'm sorry.

12 A. -- and -- and tying that back to sort
13 of the staff question, I mean, there were both
14 expats and Nigerian staff working Nigeria, and --
15 and there was a large range in quality of the staff
16 between all those people.

17 Q. So was it your understanding from
18 your discussions with people at SPDC that the
19 staffing issues, as well as the paper trail issues,
20 were having an impact on SPDC's ability to produce
21 within license?

22 MR. TUTTLE: Objection; foundation;
23 form.

24 THE WITNESS: Paper trail on account
25 reserves doesn't actually impact the capability of
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2 producing. I mean, one's the accounting side of --
3 of the numbers. The other is the execution, the
4 physical production. They're not necessarily
5 related in the production side.

6 BY MR. HABER:

7 Q. Okay. So the paper -- the paper
8 trail issue, that's really separate and apart from
9 the ability to produce?

10 A. Yes.

11 Q. I believe you said that the issue was
12 whether or not SPDC could book the 50 cubic meters;
13 is that correct?

14 A. Fifty million.

15 Q. Fifty million. Thank you. Fifty
16 million cubic meters.

17 What position did you take with
18 regard to whether SPDC could book or not book this
19 resource?

20 A. I felt that they couldn't book an

21 additional volume of proved, as the number that it
22 had on the books was probably already on the
23 optimistic side.

24 Q. When you say the numbers they had on
25 the books were on the optimistic side, what do you
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2 mean?

3 A. If you looked at the forecasts and
4 the -- the increase in forecasts you needed to
5 produce what was on the books, they needed a
6 significant increase in -- in the production
7 levels, like I said, to something like 1.2 or 1.3
8 or 1.4 million from the levels they were currently
9 at, around the 700, 800 million.

10 Q. Did you form an opinion of whether or
11 not their production forecasts were -- were
12 reachable?

13 A. If -- if you looked at the historic
14 forecasts that had been provided by -- by Nigeria,
15 there had been forecasted increase in production
16 before that had been deferred over time and still
17 weren't achieved.

18 Q. I'm sorry. And still were not
19 achieved?

20 A. (No audible response.)

21 Q. Did you communicate your opinion to
22 people at SPDC?

23 A. Yes, I did.

24 Q. Okay. And what was their reaction?

25 A. They didn't quite see the issue, I
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2 think.

3 Q. And just so I'm clear, who -- who did
4 you have these conversations with?

5 A. I think we covered that before. Bram
6 Sieders, the resource coordinator, and one or two
7 people that were in the central reporting group
8 within Lagos.

9 Q. Now, did you communicate your view
10 that you thought SPDC's production plans, forecasts
11 were optimistic to your bosses?

12 A. Yes, I did.

13 MR. TUTTLE: Objection;
14 characterization.

15 BY MR. HABER:

16 Q. And in particular, who did you speak
17 with?

18 A. With Aidan McKay, Roelof Platenkamp
19 and also not necessarily my bosses, but the
20 regional business advisors for -- the regional
21 business advisor for Nigeria.

22 Q. And who was the regional business
23 advisor for Nigeria?

24 A. Initially -- I need to think about
25 the order. I think, initially, Frits Eulderink

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2 and, thereafter, Kieron McFadyen.

3 Q. So just so --

4 A. F-a-d-y-e-n.

5 Q. And so just so the record is clear,
6 did you speak with both Mr. McFadyen and
7 Mr. Eulderink?

8 A. Yes. They changed jobs, so one was
9 the initial business advisor and the other took
10 later on over.

11 Q. Okay. And what time period are we
12 talking about?

13 A. I think this is happening sort of
14 around this time in -- in 1999, but I'm not exactly
15 sure what the exact date is of their handoff.

16 Q. And what was the reaction of
17 Mr. Eulderink to what -- your opinion about the
18 production forecast not being reachable?

19 MR. TUTTLE: Objection;
20 characterization.

21 BY MR. HABER:

22 Q. You can answer.

23 A. Can you just repeat that?

24 Q. Well, earlier you testified that it
25 was your opinion that the production forecast that

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2 SPDC was creating was not reachable, and I asked

3 you if you communicated that had to a number of
4 people --

5 MR. TUTTLE: Objection to the
6 characterization. We can go back and read that.
7 But you can ask him if that's his opinion.

8 MR. HABER: I've already asked him if
9 that's --

10 BY MR. HABER:

11 Q. Was that your opinion that the
12 production forecasts for SPDC was, I believe your
13 words, optimistic -- too optimistic, I believe were
14 your exact words?

15 A. I -- I -- I thought the forecast
16 was -- was optimistic.

17 Q. Okay. Did you believe the forecast
18 was achievable based upon historical production?

19 A. Well, the reason I share is historic
20 production isn't always necessary to forecast the
21 future. I mean, there were -- significant
22 investments were being made in Nigeria to get to
23 higher production levels.

24 On the other side, there were, at
25 those times, also the civil unrest, which were

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2 giving us problems getting the -- some of the
3 production out at that time. But there was
4 certainly a plan on trying to get to those levels.
5 Whether or not they would be achievable within the
6 time frame and they would actually get to that
7 level, yeah, different people had different views
8 on what was achievable and -- and by when.

9 Q. But what was -- what was your
10 opinion?

11 A. I felt that based on historic
12 performance for a proved forecast, you could --
13 well, you could likely take a more conservative
14 view, but I wasn't the ultimate expert on what the
15 plans in Nigeria were. I just made the observation
16 and made the recommendation that this needed to be
17 looked at.

18 Q. So in making the recommendation, is
19 it fair to say that you were skeptical that the

20 production forecast was reachable?

21 MR. TUTTLE: Objection;

22 characterization.

23 BY MR. HABER:

24 Q. You can answer.

25 A. I had doubts whether or not that

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2 would be achieved in -- in the time frame

3 forecasted.

4 Q. Okay. Now, did you communicate your
5 doubts to Mr. Eulderink?

6 A. Yes, I did.

7 Q. Okay. And can you tell what the sum
8 and substance of those discussions were?

9 A. I mean, what I looked at -- I looked
10 at a number of options on -- on where the forecasts
11 could go and what the implications for reserves
12 were. You could take an extremely conservative
13 view and say, well, we'll just take the level we're
14 at today and extend that to the license; that would
15 give you a certain reserve to be booked.

16 You could say, if the forecast would
17 go back to, say, the level that they had -- I can't
18 remember, five or six years before -- before they
19 had some decline back to a million, you would see a
20 certain reserves number up until the future. If
21 you believe that actually the investment plans
22 would materialize and you would get up to a -- a
23 1.2 million barrel, there was another number that
24 you could book up to license; or if you got up to
25 1.4 or higher, you could see even higher numbers.

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2 Where the exact right answer was, I
3 wasn't sure, because I wasn't the expert on
4 Nigeria, per se, or all that intimate with all
5 their -- all their plans.

6 Taking the level straight from where
7 we were was probably going to be way on the
8 conservative side. Coming back to a million that
9 had been there was fairly likely and wasn't
10 anything beyond the imagination. Going somewhat

11 beyond that, the volumes were there in Nigeria.
12 All that was possible, but it depended on how you
13 felt Nigeria would move in terms of stability
14 and -- and being able to get the investment plans
15 in place.

16 Certainly, going beyond what was
17 already on the books and believing that it would go
18 to even higher levels at that point didn't seem
19 realistic.

20 Q. And what -- how did Mr. Eulderink
21 respond to that?

22 A. I think Mr. Eulderink shared those
23 concerns, but also wasn't 100 percent sure --
24 100 percent sure what the right solution was.

25 We actually worked out a number of
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2 alternative scenarios, which we -- we ultimately
3 put down in a note -- or actually Frits put down in
4 a note as a -- as a briefing to the regional
5 business director.

6 And at the end of the day, the
7 compromise that was reached and that was ultimately
8 put forward to ExCom was that we would recommend
9 not to book additional volumes in Nigeria, freeze
10 the volumes that were on the books -- and, I think,
11 later on, somebody called it a moratorium. We
12 didn't actually use the term at that time -- and
13 say let's freeze the reserves where they are, see
14 whether or not the -- the forecasted increase --
15 that production forecast that they've now got will
16 actually materialize, and -- and if we're well on
17 that slope, then we can decide maybe in the future
18 see if -- if additional reserves and high growth is
19 possible, but certainly start establishing the
20 forecast as it was there at the time.

21 Q. Now -- and I -- I apologize. I
22 forgot who the other gentleman was who also held
23 the position Mr. Eulderink had.

24 A. Well, I'm -- I'm trying to remember
25 the order. And I think I said it wrongly, because

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1 REMCO D. AALBERS

2 I think Kieron McFadyen was involved initially and
3 actually left, and then Frits took over thereafter.

4 But I -- I might have got the order wrong.

5 Q. Well, do you recall having similar
6 discussions with Mr. McFadyen?

7 A. Yes, I do.

8 Q. And do you recall what Mr. McFadyen's
9 position was?

10 A. I think he felt that it needed
11 further investigation, but he left before we came
12 to a conclusion on -- on the subject. It was -- it
13 was a difficult issue for the people involved.

14 Q. And you said you had discussions with
15 Mr. McKay; is that correct?

16 A. Um-hum.

17 Q. Do you recall what -- what
18 Mr. McKay's view was on the issue?

19 A. He certainly supported not booking
20 any -- any further reserves. I don't recall that
21 he actually took a stand on -- on whether or not we
22 should debook certain volumes and what the right
23 answer was. He left that to the discussions with
24 the regional business advisor.

25 Q. Did you have any discussions -- I

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1 REMCO D. AALBERS

2 think you mentioned Mr. -- with Mr. Platenkamp at
3 this time?

4 A. Yes, because, of course, Roelof or
5 Mr. Platenkamp ended up presenting this note into
6 ExCom and -- and -- and the presentation that I
7 prepared. So that was obviously discussed with
8 him.

9 Q. Now, did Mr. Platenkamp agree with
10 the action that you had worked out with
11 Mr. Eulderink, that is, the moratorium?

12 A. Yeah. Except we didn't call it
13 moratorium at that point.

14 Q. I believe you said a freeze?

15 A. Yeah, a freeze is what we I think
16 called it at that time.

17 Yeah, that was the position that
18 ultimately was -- the compromised position that was

19 reached, and -- and he was happy to present that
20 to -- to ExCom.

21 How he actually presented it and how
22 he phrased it versus the alternative options that
23 were there, I don't know, because I wasn't there at
24 the meeting. You would have to ask Roelof whether
25 or not he pushed for anything lower or not or just
0279

1 REMCO D. AALBERS

2 presented the -- the proposed compromise.

3 Q. Okay. And was the position that you
4 were taking, this freeze and agreement not to book
5 additional reserves, was this reflected in a note
6 to ExCom?

7 A. Yes, it was.

8 Q. Okay. And did you prepare this note?

9 A. Yes, I did.

10 Q. Okay. And what was the reaction of
11 the ExCom?

12 A. ExCom supported the recommendation.
13 So the 50 million didn't get booked, and they
14 agreed that we would have a freeze on Nigeria
15 reserves until the growth was actually established.

16 Q. Was there any time frame that was
17 discussed on when you thought the growth would be
18 established?

19 A. No, not part of the discussions that
20 we had at ExCom, but I do remember that must have
21 been -- I don't know -- probably towards the end of
22 2000. Production actually did pick up quite a bit
23 in Nigeria. They actually had one or two good days
24 where they had a million production.

25 And I actually got a note from
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1 REMCO D. AALBERS

2 Bram Sieders saying, can we now book more reserves?
3 And I politely went back and I said that I didn't
4 think two days was necessarily sufficient proof of
5 growth.

6 Q. Now, what growth rate, if you recall,
7 was SPD business plan projecting?

8 A. Quite a steep increase, even somewhat
9 more steeper than the forecast that we used for --

10 for the reserves discussion that we did.

11 Q. Do you recall how much?

12 A. Well, like I said, I mean, the
13 forecast went from -- the actual was somewhere
14 around 750 or 700 -- 750, 800 million, and they
15 were going to go to above -- to above a million.
16 But you have to make the distinction between the
17 growth on the onshore, the MOU, plus the Shell
18 offshore, which they were developing at the time as
19 well, the EA field.

20 Q. Now, this EA field, is that deep
21 water or shallow water?

22 A. It's shallow, offshore.

23 Q. Do you know if SPDC was performing
24 the technical work in the EA field?

25 A. I believe quite a bit of the EA study

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1 REMCO D. AALBERS

2 work was farmed out to -- to Rijswijk to do on
3 their behalf. There was a large Nigeria study team
4 in The Hague or Rijswijk, The Hague in the
5 Netherlands.

6 Q. Do you recall what entity was
7 performing the study?

8 A. Well, this is the same question we
9 had before. I'm not 100 percent sure what they
10 were called at the time, EPT or SEPTAR or something
11 else.

12 Q. Do you recall if SDS did any work in
13 the EA field?

14 A. No. SDS was looking at the deep
15 water, and this was shallow. So their expertise
16 wasn't on the shallow, but on the deep water.

17 Q. Okay. Now, with regard to the actual
18 license, the license expiry issue --

19 A. Um-hum.

20 Q. -- were there any discussions about
21 how to address the license that is extended?

22 A. Or how to extend it?

23 Q. Yes.

24 A. The discussion at the time was
25 whether or not Nigeria had a automatic renewal

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1 REMCO D. AALBERS

2 right. When we had the discussions in '99, we
3 considered it being at the time was that they
4 probably didn't have that, and so you couldn't just
5 automatically book beyond the license.

6 Q. Do you know if that opinion
7 subsequently changed over time?

8 A. Yes. I know that at a later point,
9 they actually went for additional legal opinion and
10 they have a legal opinion that claimed that they
11 could claim automatic renewal right in Nigeria and,
12 as such, the license wouldn't be an issue.

13 Q. Do you know from whom they received
14 the legal opinion?

15 A. No. I wasn't involved in that.

16 Q. Did anyone ever mention that the
17 legal opinion came from a law firm in the
18 United States?

19 A. No.

20 Q. Have you ever heard of a law firm by
21 the name of Cravath, Swaine & Moore?

22 A. Say that again.

23 Q. Have you ever heard of a law firm by
24 the name of Cravath, Swaine & Moore?

25 A. No, I don't believe I have.

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1 REMCO D. AALBERS

2 MR. HABER: Exhibit 3.

3 (Aalbers Deposition Exhibit

4 No. 3 was marked for
5 identification.)

6 BY MR. HABER:

7 Q. For the record, we've marked, as
8 Aalbers Exhibit 3, a series of e-mails. The last
9 one on Page 1 is from Mr. Aalbers. It's dated
10 November 14, 2002 to Aidan McKay. The subject line
11 reads Reserves, and the Bates number is V00010417
12 through V00010418.

13 Mr. Aalbers, if you could just take a
14 moment to look at the exhibit.

15 (The witness reviews the document.)

16 THE WITNESS: This is November 2002.

17 BY MR. HABER:

18 Q. Okay. Mr. Aalbers, have you seen
19 these e-mails before today?

20 A. Yes, I have.

21 Q. Okay. I'd like you to -- well,
22 before I do that, one of the -- a lot of the e-mail
23 come from a gentleman by the name of John Pay.

24 Who is John Pay?

25 A. John Pay was the group reserves

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1 REMCO D. AALBERS

2 coordinator -- well, I was going to say after me,
3 but actually after an in-between person for just
4 less than a year. So he's the group -- the GR --
5 the group -- GRC in 2002.

6 Q. Before Mr. Pay, was the GRC position
7 filled by Jan Willem Roosh?

8 A. Jan Willem Roosh did an interim --
9 no. Let me rephrase that.

10 He wasn't actually the GRC. He
11 interim helped out getting the reserves together,
12 because John worked for Jan Willem Roosh in Denmark
13 and he wasn't going to release him in time to do
14 the reserves that year. So the compromise was that
15 Jan Willem had to help him fix the problem until he
16 would actually -- John Play -- John Pay could take
17 over the role.

18 And that was because the guy who
19 formally took over for me he -- he actually quit --
20 I can't remember -- within eight or nine months
21 and -- and just before the new reserves cycle was
22 starting, leaving everybody a little bit in a bind
23 in how to get through the year-end reserves.

24 Q. Looking at the -- the e-mail, do you
25 recall the reason -- strike that.

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1 REMCO D. AALBERS

2 Do you have an understanding of why
3 Mr. Pay sent you the e-mail which is on the second
4 page of this exhibit?

5 A. No, I don't recall. It says reply
6 SPDC, which suggests he is answering to an e-mail,
7 but that doesn't seem to be part of the trail.

8 Q. Do you recall -- other than this

9 e-mail exchange, do you recall Mr. Pay
10 communicating you -- communicating with you about
11 the license expiry issue at -- at SPDC?

12 A. When I left, John would sometimes
13 come to me with -- with questions on history. I
14 was still very interested in reserves and
15 sometimes, when out at other presentations, I would
16 pick something up about reserves. I would
17 sometimes just ask John how things were standing,
18 because I was still taking an interest at large in
19 what was happening on the reserves side.

20 Q. If you look at the second page of his
21 e-mail to you, and I'm looking at the first
22 paragraph, there's a reference about someone
23 referring to national legislation concerning
24 license extension.

25 Do you recall any discussion with

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1 REMCO D. AALBERS

2 Mr. Pay about national legislation?

3 A. Well, only what you see here in terms
4 of the -- the e-mail correspondence.

5 Q. Okay. Were you aware of any national
6 legislation?

7 A. No, I wasn't.

8 MR. HABER: Okay. I am told that I
9 have five minutes left. Before we break for the
10 day, if we could just switch it over, I can finish
11 asking some questions on this --

12 MR. TUTTLE: Okay.

13 MR. HABER: -- and we'll conclude.

14 MR. TUTTLE: Great.

15 MR. HABER: Okay?

16 THE VIDEOGRAPHER: This marks the end
17 of Tape 3 in the deposition of Mr. Aalbers. We are
18 going off the record. The time is 5:13 p.m.

19 (Discussion off the record.)

20 THE VIDEOGRAPHER: This marks the
21 beginning of Tape 4 in the deposition of
22 Mr. Aalbers. We are back on the record. The time
23 is 5:15 p.m.

24 BY MR. HABER:

25 Q. Mr. Aalbers, looking again at

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1 REMCO D. AALBERS

2 Exhibit 3, the second page, Mr. Pay's e-mail to
3 you, the second sentence -- I'm sorry -- the third
4 sentence of the first paragraph, it says, The, in
5 parens, Dutch, senior legal guy is totally adamant
6 that the case is watertight and has said so in
7 front of luminaries such as Brian Ward and Ron -- I
8 believe that's van den Berg. He says he cannot
9 understand who would have claimed there was no
10 legal right nor why.

11 All right. First of all, do you have
12 an understanding of who this senior legal guy
13 that's being referred to here is?

14 A. No, I don't.

15 Q. Okay. Who is Brian Ward?

16 A. I need to remember. Brian Ward, at
17 this time, must be the regional business advisor
18 for EPG, I believe. And Ron van den Berg was
19 director in Nigeria.

20 Q. I'm sorry. You say "director." You
21 mean regional business director?

22 A. No; director in Nigeria.

23 Q. Okay. What is that position?

24 A. The head of the Nigerian company.
25 What's the term? SPDC?

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1 REMCO D. AALBERS

2 Q. Okay. If you look at the third
3 paragraph, the first sentence reads, "The pressure
4 to debook in Nigeria is mounting, but at this stage
5 is not too strong."

6 Do you have an understanding of where
7 the pressure was coming from?

8 A. No, I don't. You'll have to ask
9 John.

10 Q. Did you ask Mr. Pay?

11 A. I don't believe I did.

12 Q. Back in 2000 when this issue was
13 being discussed, do you recall any discussions
14 concerning debooking reserves in SPDC?

15 A. Yes. That was part of the whole
16 discussion where, eventually, we ended up with the

17 freeze or the moratorium or whatever you want to
18 call it.

19 Q. Okay. You can put Exhibit 3 aside.
20 I am going to show you one more, I'm sorry, and
21 then I hope we'll be able to finish this topic.

22 (Aalbers Deposition Exhibit
23 No. 4 was marked for
24 identification.)

25 MR. HABER: And for the record, we've
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1 REMCO D. AALBERS
2 marked, as Aalbers Exhibit -- Aalbers Exhibit 4, a
3 note for information with an -- with an appendix.
4 It's dated January 27, 2000. It's from Frits
5 Eulderink to Mr. Aalbers to Heinz Rothermund.
6 Subject is SPDC onshore oil reserves.
7 There are two Bates numbers. One is
8 RJW000830047 through RJW00830051, the other Bates
9 range is PB, as in boy, W0003847 through
10 PBW0003851.

11 Mr. Aalbers, have you seen this
12 document before?

13 A. Yes, I have.

14 Q. Did you prepare this document?

15 A. I assisted in preparing the document.
16 I prepared the tables, the plots and the attachment
17 on -- on the group reserves. The note actually is
18 from Frits to Heinz and the final note he added me
19 as coauthor, although formally it should have been
20 a cc, it was actually his note to Heins.

21 Q. And -- and who is Heinz Rothermund?

22 A. Heinz Rothermund is the regional
23 business director at the time of EPG, the area
24 under which Nigeria falls as one of the companies.

25 Q. Now, if you look at the third page of
0290

1 REMCO D. AALBERS

2 the exhibit --

3 A. Um-hum.

4 Q. -- under recommendation for
5 short-term issue, it says, "in view of the above,
6 it is recommended to ExCom to accept Option 2,
7 colon, freeze Nigeria MOU, in paren, don't book the

8 suggested 50 million cubic meter increase, close
9 paren, but book increase in shallow offshore
10 (EA/EAJ) and SNEPCo, in paren, Ehra."

11 Does this reflect the recommendations

12 that we discussed a few moments ago?

13 A. Yeah, this was the briefing note that
14 went separately to Heins from what was the proposal
15 that then ended up in the ExCom notes on the
16 reserves for the year.

17 Q. To your understanding, was this the
18 same recommendation that went to the ExCom?

19 A. This was the same recommendation that
20 went in; that's correct.

21 Q. Now, with regard to the freeze, do
22 you recall seeking KPMG's approval for instituting
23 the freeze?

24 A. No, we didn't.

25 Q. After the ExCom decided to institute

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1 REMCO D. AALBERS

2 the freeze, do you recall any discussions with KPMG
3 about the freeze?

4 A. No, I don't actually recall the exact
5 discussion, but it would have been part of finally
6 closing out the reserves and not booking the
7 50 million and having a -- a freeze there. But I
8 don't actually recall the discussion.

9 Q. Do you recall whether KPMG endorsed
10 the decision?

11 A. I don't re -- well, let me rephrase
12 that. As such, KPMG didn't have to endorse the
13 decision as such, but they, in their final report,
14 supported the numbers that were booked that year
15 for Nigeria.

16 Q. Well, I -- I guess my question is
17 more focused on the freeze or what people later
18 called the moratorium.

19 Do you know if they supported the
20 decision?

21 A. Well, like I said, as -- as they
22 supported the final reserves that we put forward
23 that year, it follows that they supported the
24 conclusion. I don't recall specific discussion on

25 this specific item.

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1 REMCO D. AALBERS

2 Q. Okay. Do you know if your bosses had
3 any discussion on the freeze with KPMG?

4 A. I would doubt that they had because,
5 in general, the discussion with KPMG were with
6 myself and not necessarily with my -- not with my
7 bosses.

8 Q. Okay. Do you recall if
9 Mr. Barendregt had a view with regard to the
10 appropriateness of implementing the freeze?

11 A. Yes. If you look at the audit report
12 from his visit earlier in that year, you see that
13 he also raises the issue of sort of the -- the
14 forecast versus the book reserves.

15 MR. HABER: Okay. Let me mark --

16 MR. TUTTLE: We're getting one more?

17 THE WITNESS: We're extending one
18 more?

19 MR. HABER: This will be a quickie.
20 I promise.

21 This is Exhibit 5.

22 (Aalbers Deposition Exhibit
23 No. 5 was marked for
24 identification.)

25 MR. HABER: It's a one question.

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1 REMCO D. AALBERS

2 For the record, what we just marked
3 as Aalbers Exhibit 5 is an SEC approved reserves
4 audit for Shell Petroleum Development Company,
5 SPDC, Nigeria. It's dated August 31th, 1999. It's
6 from Anton Barendregt. Its Bates numbers -- and
7 there are two of them -- V00160399 through
8 V00160401. And the other Bates number -- Bates
9 range is D, as in David, B, as in boy, 100055
10 through 100 -- I'm sorry. I put in too many zeros.
11 Let me go back again.

12 It's DB 10055 through DB 10057.

13 (The witness reviews the document.)

14 BY MR. HABER:

15 Q. My question to you is: Is this the

16 audit report you're referring to or was there a
17 later audit report?

18 A. No; this is the one.

19 Q. Okay. Now, do you recall having any
20 discussions with Mr. Barendregt about this report?

21 A. Yes, I did.

22 Q. And do you recall the sum and
23 substance of those discussions?

24 A. Nigeria -- like I said before, there
25 were -- there were some issues with reserves

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1 REMCO D. AALBERS
2 reporting on lines and data sets and those type of
3 things, and I would always talk to -- to Anton to
4 see what the issues were and make sure that we try
5 to set a process in place to sort of improve for
6 whatever findings were there with the respective
7 operating units.

8 And this one, of course, also has a
9 discussion on -- on the forecast for the proved
10 reserves.

11 Q. Right. Now, had you seen a copy of
12 this audit report before it was finalized?

13 A. Yes. I always saw a copy before it
14 was finalized.

15 Q. And did -- what was your
16 understanding of the reason why you were forwarded
17 a draft of the report?

18 A. Basically to help make sure that all
19 the individual facts were correct.

20 Q. Did -- was it -- strike that.

21 Did Mr. Barendregt request a
22 challenge, if you will, when he gave you these
23 drafts?

24 A. Sorry. I missed that.

25 Q. Well, did -- did -- did he want you

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1 REMCO D. AALBERS
2 to, you know, critique the conclusions when he gave
3 you the drafts?

4 MR. TUTTLE: Objection to the extent
5 it calls for speculation.

6 MR. HABER: Well, based upon his

7 discussions with Mr. Aalbers over the time -- I
8 mean, Barendregt.

9 THE WITNESS: No, they weren't
10 necessarily a critique. Like I said, it was more
11 about factual correctness. He -- he never changed
12 his audit opinion on any sort of feedback that we
13 gave him. His audit opinion was his audit opinion.

14 BY MR. HABER:

15 Q. Okay. Do you recall giving any
16 feedback on this Exhibit 5?

17 A. No, I don't. I don't recall what
18 comments I had on this specific audit report.

19 MR. HABER: Okay. Okay. We're done
20 for the evening, and we'll pick this up again
21 tomorrow.

22 THE VIDEOGRAPHER: This marks the end
23 of Volume 1 in the deposition of Mr. Aalbers. The
24 total number of tapes used today was four. We are
25 going off the record. The time is 5:29 p.m.

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1 REMCO D. AALBERS
2 (Signature not having been waived,
3 the deposition adjourned at 5:29 p.m. to reconvene
4 on Tuesday, November 7, 2006, at approximately
5 10:00 a.m.)

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1 REMCO D. AALBERS

2 (The following Acknowledgment of
3 Deponent Page is included in the event at the
4 conclusion of Mr. Remco Aalbers's deposition he
5 elects to read and sign his deposition transcript.)

6
7
8 ACKNOWLEDGMENT OF DEPONENT

9
10 I, REMCO D. AALBERS, do hereby acknowledge
11 I have read and examined the foregoing pages of
12 testimony, and the same is a true, correct and
13 complete transcription of the testimony given by
14 me, and any changes or corrections, if any, appear
15 in the attached errata sheet signed by me.

16
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20 _____
21 Date REMCO D. AALBERS

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0298
1 REMCO D. AALBERS

2 CERTIFICATE OF NOTARY PUBLIC

3 I, Cindy L. Sebo, the officer before whom
4 the foregoing deposition was taken, do hereby
5 certify that the witness whose testimony appears
6 in the foregoing deposition was duly sworn by me;
7 that the testimony of said witness was taken by me
8 in shorthand and thereafter reduced to
9 computerized transcription under my direction;
10 that said deposition is a true record of the
11 testimony given by said witness; that I am neither
12 counsel for, related to, nor employed by any of
13 the parties to the action in which this deposition
14 was taken; and further, that I am not a relative

15 or employee of any attorney or counsel employed by
16 the parties hereto, nor financially or otherwise
17 interested in the outcome of the action.

18
19 Notary Public in and for
20 the District of Columbia

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24
My Commission Expires:
25 April 14, 2010

0299

1 REMCO D. AALBERS
2 E R R A T A S H E E T
3 IN RE: Royal Dutch/Shell Transport

4 RETURN BY: _____

5 PAGE LINE CORRECTION AND REASON

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25 (DATE) (SIGNATURE)

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1 REMCO D. AALBERS
2 E R R A T A S H E E T
3 IN RE: Royal Dutch/Shell Transport

4 RETURN BY: _____

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IN THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY
Civ. No. 04-3749 (JAP)
(Consolidated Cases)
Hon. Joel A. Pisano

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IN RE ROYAL DUTCH/SHELL |
TRANSPORT SECURITIES |
LITIGATION |

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Videotaped Deposition of Remco Aalbers
(Volume II)
Washington, D.C.
Tuesday, November 7th, 2006
10:10 a.m.

23 Job No. 22-87907
24 Pages 301 - 469, Volume II
25 Reported by: Laurie Bangart-Smith

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Videotaped Deposition of
REMCO AALBERS

Held at the offices of:
LEBOEUF, LAMB, GREENE & MACRAE, LLP
1875 Connecticut Avenue, Northwest
Suite 1200
Washington, D.C. 20009

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Taken pursuant to notice, before Laurie
Bangart-Smith, Registered Professional Reporter,
Certified Realtime Reporter and Notary Public in
and for the District of Columbia.

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0304

1

2 (Appearances continued)

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2 (Appearances continued)

3 ON BEHALF OF SIR PHILIP WATTS:

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18 Steven J. Peitler, Investigator

19 Cali Day, Videographer

20

21

22

23

24

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1 REMCO AALBERS, November 7, 2006

2 P R O C E E D I N G S

3 THE VIDEOGRAPHER: This marks the
4 beginning of Tape 1, Volume II, in the deposition
5 of Remco Aalbers in the matter of Royal
6 Dutch/Shell Transport Securities Litigation, in
7 the United States District Court, District of New

8 Jersey, Case Number 04-374. Today's date is
9 November 7th, 2006. The time is 10:07 a.m. The
10 video operator today is Cali Day of LegaLink New
11 York. This deposition is taking place at 1875
12 Connecticut Avenue, Northwest, Washington, D.C.,
13 20009.

14 Would counsel please identify themselves
15 and state whom they represent.

16 MR. HABER: Jeffrey Haber, Bernstein,
17 Liebhard & Lifshitz, on behalf of the lead
18 plaintiff, Peter M. Wood in the class.

19 MS. KERN: Emily Kern, Bernstein,
20 Liebhard & Lifshitz, on behalf of the class.

21 MR. PEITLER: Steve Peitler, Bernstein,
22 Liebhard & Lifshitz, on behalf of the class.

23 MR. MILLKEY: Mark Millkey, Bernstein,
24 Liebhard & Lifshitz, on behalf of plaintiffs in
25 the class.

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1 REMCO AALBERS, November 7, 2006

2 MS. MACKINTOSH: Christine Mackintosh,
3 Grant & Eisenhofer, on behalf of the opt-out
4 plaintiffs.

5 MS. MAZARAKIS: Akrivi Mazarakis, Mayer,
6 Brown, Rowe & Maw, for Sir Philip Watts.

7 MR. MORSE: Adriaen Morse, Mayer, Brown,
8 Rowe & Maw, for Sir Philip Watts.

9 MS. WAGNER: Lori Wagner, Debevoise &
10 Plimpton, for the Corporate defendants and the
11 witness.

12 MR. WEED: Earl Weed, in-house Shell.

13 MR. TUTTLE: Jonathan Tuttle, Debevoise
14 & Plimpton, on behalf of the Corporate defendants
15 and the witness.

16 MR. FOUKAS: Savvas Foukas, Hughes,
17 Hubbard & Reed, on behalf of
18 PricewaterhouseCoopers, LLP.

19 MR. ADLER: Derek Adler, Hughes, Hubbard
20 & Reed, also for PwC.

21 MR. DAVIS: Sid Davis, Hogan & Hartson,
22 for defendant KPMG, N.V.

23 MR. CORSON: Nicholas Corson, Hogan &
24 Hartson, also for KPMG, N.V.

25 THE VIDEOGRAPHER: The court reporter

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1 REMCO AALBERS, November 7, 2006

2 today is Laurie Bangart-Smith of LegaLink New
3 York. Would the reporter please swear in the
4 witness.

5 REMCO AALBERS,

6 having been duly sworn, testified as follows:

7 EXAMINATION BY COUNSEL FOR LEAD PLAINTIFF

8 BY MR. HABER:

9 Q Good morning, Mr. Aalbers.

10 A Good morning.

11 Q I think we're going to try to get right
12 into it. Yesterday we were talking about issues
13 that were raised during the meeting with the ExCom
14 in January of 2000, and I recall one of the issues
15 you identified was Australia, and I'd like to
16 start off with that issue, so could you please
17 tell us what you -- what issue you were referring
18 to.

19 A The issue was about the Gorgon fields
20 where SDA had to receive an updated subsurface
21 study indicating that the deck of volumes in
22 Gorgon field would be lighter than previously
23 estimated, and we decided that we were not going
24 to book those additional volumes at that point in
25 time.

0310

1 REMCO AALBERS, November 7, 2006

2 Q How much larger do you recall were these
3 volumes?

4 A I believe it was something like
5 20 million cubic meters of gas.

6 Q When you say "we decided that we were
7 not going to book those additional," who's the
8 "we"?

9 A The initial -- SDA called me with this
10 question. They said they had the additional
11 volumes and wanted to know if they could book
12 that, and I indicated that I felt that we
13 shouldn't book those additional volumes at that
14 point in time, and SDA accepted that view, and we
15 made it clear in the ExCom notice that was the

16 choice we had made at the time.

17 Q And why did you feel that it wasn't
18 appropriate to book those additional volumes at
19 that time?

20 A I felt it wasn't appropriate to book
21 Gorgon, because Gorgon had been booked two years
22 prior, and the project had had some delays due to
23 the Asian crisis, and I felt that we first needed
24 the project to actually be initiated before we, we
25 should be booking additional volumes, and I should

0311

1 REMCO AALBERS, November 7, 2006
2 have sales contracts in place.

3 Q That point in time being January 2000,
4 there were no sales contracts in place?

5 A At that point there were no firm sales
6 contracts yet for Gorgon.

7 Q And just so I'm clear, when I refer to
8 "sales contracts," I'm referring to signed,
9 executed sales contracts.

10 A Well, you could have indication of a
11 contract where you have sort of a Memorandum of
12 Understanding which would be sort of one step down
13 from a final approved sales contract, which was
14 signed by all parties, normally just before you
15 would actually start building an LNG plant.

16 Q But at that time in time there was
17 nothing signed?

18 A All the discussions were ongoing.

19 Q And were there any signed Letters of
20 Intent or Memorandums of Understanding?

21 A Not to my knowledge.

22 Q Was there one particular customer that
23 Shell was, SDA was looking to sell the gas to?

24 A I don't recall who the exact customers
25 were, but they were talking basically with Japan

0312

1 REMCO AALBERS, November 7, 2006
2 and that region to try and sell the gas, North
3 Korea and these type of places. South Korea.

4 Q Have you ever heard of a company by the
5 name of Kogas?

6 A Yes, I have.

7 Q And where is Kogas located?

8 A I believe they're in Japan.

9 Q And is that the company that you're
10 referring to with regard to "ongoing discussions"?

11 A I believe they were one of the companies
12 they were talking to, yes.

13 Q To your knowledge, did Kogas sign any
14 Letter of Intent?

15 A What time frame?

16 Q Again we're talking that same time frame
17 as --

18 A At least at that point there wasn't an
19 intent in place.

20 Q Now, who did you have the discussions
21 with at SDA regarding not booking the additional
22 volume?

23 A I believe it was Sheila Graham.

24 Q Who is Sheila Graham?

25 A She was the Reserves Coordinator for SDA
0313

1 REMCO AALBERS, November 7, 2006
2 at the time.

3 Q What was Ms. Graham's position on the
4 issue?

5 A Like I said, she put the question
6 forward. I think she was happy with my response
7 as not to book anything additional.

8 Q During your discussions with Ms. Graham
9 did you discuss how Gorgon came to be booked as
10 proved reserves in the first place?

11 A I don't recall if that was part of the
12 discussion at that point.

13 Q Do you recall having such discussions
14 with anyone at Shell?

15 A We had the discussion later as part of
16 the restatement of reserves. The discussion has
17 to come up.

18 Q And again when you're referring to the
19 "restatement of reserves," you're referring to the
20 recategorization that was announced in January of
21 2004?

22 A Yes.

23 Q At the time that SDA was proposing

24 adding the additional volume, had you, yourself,
25 undertaken any review of Shell's guidelines to see
0314

1 REMCO AALBERS, November 7, 2006

2 if Gorgon was booked in compliance with the
3 Guidelines?

4 MR. TUTTLE: Object to form and the
5 characterization.

6 THE WITNESS: Yes, I looked at the
7 booking of Gorgon.

8 BY MR. HABER:

9 Q And when did you look at the booking?

10 A The booking had been a discussion with
11 KPMG prior to the Asian crisis and sort of a delay
12 in markets development. If you look at the Shell
13 Guidelines, the expectation of the market to be
14 there was at that point in time sufficient to have
15 reserves on the books. So it was felt that with
16 the project still being pursued, that an
17 expectation that it would actually reach FID in
18 about two years, and the market was there and the
19 license didn't have an expiry, that it could still
20 remain legitimate on the books at that point in
21 time.

22 Q Did you form an opinion of whether or
23 not Gorgon should have been booked?

24 A I think if you make a choice for some of
25 these bigger projects which are sort of limited to
0315

1 REMCO AALBERS, November 7, 2006

2 a certain type of market, my feeling was that it
3 would have been more prudent to book it at FID.
4 That hadn't happened at the time, and if you look
5 at what happened in the periods of '98, '99, for a
6 number of big projects in remote areas, they were
7 not booked at FID, things like Cansea in Peru,
8 which eventually -- Cansea in Peru. If you look
9 at French's Malampaya in the Philippines, that was
10 actually booked at FID.

11 So people had taken a different view
12 over time, depending on whether it was considered
13 to be in a new area or that it was a new field in
14 an already producing area, whether there was

15 likely to be additional market. So Gorgon being
16 in Australia where we had producing fields that
17 were existing LNG trains, what's seen as our field
18 within a producing area rather than as a new
19 frontier area.

20 Q I'm sorry. You're saying "new frontier
21 area"?

22 A Frontier area.

23 Q What -- how large in terms of volume was
24 the project in Peru?

25 A I don't recall what the number is. It

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1 REMCO AALBERS, November 7, 2006
2 was a sizable field done alongside of the
3 mountains, so it was a very difficult project.

4 Q How about the one in the Philippines; do
5 you recall the size of that, that field?

6 A No, I don't recall, but again that was a
7 sizable project.

8 Q So when you're referring to those, are
9 you talking about somewhat comparable in size?

10 A I don't remember the exact numbers. I
11 think they were slightly smaller, but I don't know
12 that at the moment. I'd have to check my numbers.
13 I just don't have the numbers in my head at this
14 point in time.

15 Q But in your mind they were at least
16 sizable projects?

17 A Yeah, I mean they were sizable projects,
18 yes.

19 Q Now, you mentioned FID, and you said
20 that Gorgon did not reach FID when it was booked,
21 correct?

22 A Yes.

23 Q Okay. At the time -- and again we're
24 talking January 2000 -- of this discussion with
25 SDA, had Gorgon taken FID?

0317

1 REMCO AALBERS, November 7, 2006

2 A No, not yet.

3 Q Up until 2004, if you know, did Gorgon
4 take FID?

5 A No, it didn't.

6 Q Did Shell have the VAR process at the
7 time Gorgon was booked?

8 A No. I believe that it was initiated
9 slightly later.

10 Q Do you know if the Gorgon project ever
11 went through the VAR process?

12 MR. TUTTLE: Ever to the present?

13 BY MR. HABER:

14 Q Let's take again the point in time
15 from '97 through 2000.

16 A I don't know.

17 Q And then from 2000 to 2004?

18 A Don't know that one either.

19 Q Okay. Did you ever communicate your
20 view with regard to whether Gorgon should have
21 been booked with anyone at Shell?

22 A Yes, I have had that discussion.

23 Q And who did you have discussions with?

24 A I believe I had discussions with my
25 boss, Aidan; with the Business Advisor, Rob Jager;
0318

1 REMCO AALBERS, November 7, 2006
2 also with Roelof Platenkamp, Aidan's boss; and
3 with Anton Barendregt as well; and with KPMG,
4 obviously.

5 Q Let's take your discussions with
6 Mr. McKay. Do you recall when you had these
7 discussions?

8 A No. I can't put an exact time to that.

9 Q Generally speaking if you can.

10 A Well, I mean we would have had those
11 discussions around the time that we're talking
12 here, of course, because of the discussion of the
13 potential use of booking.

14 Q And here we're talking January 2000?

15 A No. The issue actually came up slightly
16 before that, because the issue was raised by SDA
17 before they actually made their submission, so I
18 can't remember if it was October, November,
19 December, somewhere in that time frame. So at the
20 end of 1999 they raised the issue. We agreed that
21 it wasn't appropriate to book additional reserves,
22 and they never actually entered it into their

23 reserves booking when they made the submission, so
24 they accepted the advice and left Gorgon as it
25 was.

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1 REMCO AALBERS, November 7, 2006

2 Q So when you had these discussions with
3 Mr. McKay, what was his response to your feelings
4 about whether Gorgon should have been booked?

5 MR. WEED: Objection to form.

6 THE WITNESS: To my recollection, I mean
7 he agreed with me that it would have been wiser at
8 the time not to book Gorgon.

9 BY MR. HABER:

10 Q Did he give you any reason?

11 A I think like I said before, if you look
12 at some of the other fields where there were
13 complicated issues in terms of developing fields,
14 it was more prudent to do the booking at the FID
15 in sort of more remote areas. I think the fact
16 that Gorgon had more problems than just our other
17 field in nearly producing fields in Australia just
18 hadn't been recognized properly at the time.

19 Q Do you recall Mr. McKay saying anything
20 else?

21 A Well, the discussion was -- I mean with
22 Gorgon on the books, was it reasonable to still
23 keep it on? If you looked at the Guidelines,
24 there was no reason, with it on the books, to say
25 you now have to de-book it, because the Guidelines

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1 REMCO AALBERS, November 7, 2006

2 by itself didn't say that you needed to have FID,
3 but a reasonable expectation of a market was in
4 principal sufficient, and that was still there,
5 that was still being worked, and there was still
6 the anticipation that within a year or two years
7 it would actually get to that point, so it didn't
8 seem to make sense to now de-book and then only to
9 rebook maybe say in a year's time.

10 Q So were there discussions then with
11 regard to the timing, the reasonable expectation
12 of when a market would develop?

13 A The impression that we had from the

14 Regional Business Advisors and from the discussion
15 with SDA was that within one or two years, the
16 project would actually get to FID.

17 Q Why did the Regional Business Advisors
18 tell you that they thought a year or two would be
19 a reasonable expectation?

20 MR. TUTTLE: Objection; calls for
21 speculation.

22 BY MR. HABER:

23 Q You can answer.

24 A I mean that was their understanding of
25 where the project was and the time frame on which

0321

1 REMCO AALBERS, November 7, 2006
2 people thought that this project would be moving
3 forward.

4 Q Well, did they provide you any data to
5 support that position?

6 MR. TUTTLE: Objection; argumentative.

7 BY MR. HABER:

8 Q You can answer.

9 A I don't know exactly what you mean by
10 "data," but I mean people worked very hard in
11 Australia to make this project work. I mean there
12 is a Project Team trying to pull this project off,
13 and in our Business Plans that was still what the
14 assumption was. This is what people believed at
15 the time was going to happen.

16 Q Did anyone communicate to you from SDA
17 that they had analyzed the Asian crisis and when
18 they thought it was at its conclusion?

19 MR. TUTTLE: Object to the form.

20 THE WITNESS: Sorry. Can you turn that
21 once more.

22 BY MR. HABER:

23 Q In your discussions with people at SDA,
24 did anyone say that they had looked at the Asian
25 crisis and studied it to find out, you know, sort

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1 REMCO AALBERS, November 7, 2006
2 of get a handle on when they thought the crisis
3 would be at its conclusion?

4 MR. TUTTLE: Same objection.

5 THE WITNESS: I don't believe I've had

6 the discussion specifically with SDA, not at least
7 in that form. I don't know if discussing around
8 sort of the end of the Asian crisis. It was more
9 the Asian crisis happened, and it was now what
10 does that look into the future.

11 BY MR. HABER:

12 Q And so what type of discussions did you
13 have in that regard?

14 A Well, the belief was that despite the
15 temporary dip, the Asian market would pick up, and
16 there was room in the future for additional gas
17 sales to that region, because they need a lot of
18 energy and they don't have any resources of their
19 own to supply that demand, so they are depending
20 on importing oil and LNG to supply their energy
21 needs.

22 Q Had there been any signs that the Asian
23 market was picking up?

24 A I, I don't recall exactly if that sign
25 was there, when it would pick up. It was

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1 REMCO AALBERS, November 7, 2006

2 certainly not getting any worse, to my
3 recollection.

4 Q What kind of signs were being looked for
5 with regard to trying to get a handle on when the,
6 you know, when the market was picking up?

7 MR. TUTTLE: Object to the form; calls
8 for speculation.

9 THE WITNESS: I don't know. The market
10 evaluations weren't part of my side of the
11 business. I mean that was done by the Gas
12 Marketing sides. I was not directly involved in
13 that.

14 BY MR. HABER:

15 Q When you say "the gas marketing side,"
16 are you referring to in The Hague, in the Center,
17 or at SDA?

18 A Like I said, I wasn't involved. That
19 would have been likely both of those parties.

20 Q Do you recall having any discussions
21 with anyone on the marketing side with respect to

22 the outlook for the market?

23 A No.

24 (Discussion was held off the record.)

25

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1 REMCO AALBERS, November 7, 2006

2 BY MR. HABER:

3 Q Now, you mentioned that you had
4 discussions where you had given your opinion with
5 regard to the initial booking of Gorgon, and you
6 mentioned Rob Jager. Do you recall the
7 discussions you had with Mr. Jager?

8 A No, I don't believe -- I had discussions
9 with Rob Jager about the bookings. I don't think
10 I said I had discussions with Rob Jager about when
11 it got booked. When we were doing the
12 restatement, I did try to look through the files
13 and see if we could find out how the booking
14 actually happened, but there was very little data
15 available. It was clear when Gorgon got booked,
16 it got booked in January '98, so it went over '97,
17 but I couldn't find much supporting evidence other
18 than it got booked at the time.

19 Q At that time had you spoken with Rob
20 Jager about --

21 A Rob Jager wasn't the Business Advisor
22 for Australia at the time of the booking in '97.

23 Q No, I'm talking about at the time you
24 were working on the recategorization.

25 A No, I didn't speak to Rob Jager at that

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1 REMCO AALBERS, November 7, 2006
2 point. I spoke with Rob Jager in 2000 about the
3 additional booking.

4 Q You mentioned Roelof Platenkamp. Is he
5 someone that you spoke to about your opinion of
6 whether Gorgon was appropriately booked or not?

7 MR. TUTTLE: Objection; form,
8 characterization.

9 THE WITNESS: I don't recall the exact
10 instance, but I believe I did.

11 BY MR. HABER:

12 Q And do you recall when you had the

13 conversation with Mr. Platenkamp?

14 A Like I said, I can't exactly place where
15 the discussion was, but it was certainly part of
16 the discussion where Gorgon was briefly discussed.

17 Q Do you recall what Mr. Platenkamp had
18 said to you on the issue of whether to book --
19 whether Gorgon should have been booked or not?

20 A As I recall, he agreed that we weren't
21 going to book anything additional, but he felt
22 that Gorgon, as it was booked, should remain on
23 the books in its current state.

24 Q Did he say anything -- did he express an
25 opinion on whether Gorgon should have been booked

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1 REMCO AALBERS, November 7, 2006

2 initially?

3 A I don't recall.

4 Q Did you have discussions with
5 Mr. Barendregt concerning whether Gorgon should
6 have been booked initially?

7 A I'm sure I have had, but I can't recall
8 exactly when that was.

9 Q Do you recall the sum and substance of
10 the discussion?

11 A We had discussions on whether or not
12 Gorgon was still correctly on the books, and our
13 thoughts supported the view that with the project
14 being moved forward and still the anticipation of
15 the project going to happen and the molecules
16 clearly there, he didn't see a problem having
17 Gorgon on the books.

18 Q Do you recall having a discussion with
19 Mr. Barendregt concerning the market evaluation,
20 as we discussed a few moments ago?

21 A I mean the market's expectation was
22 obviously part of that discussion, and the
23 understanding was that, yes, there would be a
24 market there in due course.

25 Q Now, I believe you also mentioned a few

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1 REMCO AALBERS, November 7, 2006

2 moments ago that there were discussions with KPMG.

3 Can you tell me a little bit more about the

4 discussions. First, when did they occur?

5 A I think they initially occurred in '98,
6 so over '98, so early '99. That was straight
7 after the Asian crisis happened, and the
8 discussions were about whether or not the Asian
9 crisis should or -- would or would not at that
10 point in time have an effect on the SDA reserves,
11 cash reserves.

12 Q And what was KPMG's position?

13 A KPMG didn't have a position. They just
14 asked the question. They knew the Asian crisis
15 happened, and so we discussed it, and we discussed
16 the fields were there, the molecules were there,
17 there were no license issues, and the
18 understanding was that the market would pick up
19 and that these volumes would be sold to these
20 markets, although maybe some a little later than
21 originally anticipated.

22 Q During these discussions did -- strike
23 that. Who did you have the discussions with from
24 KPMG?

25 A I believe it was with Argen Korteweg and
0328

1 REMCO AALBERS, November 7, 2006
2 with Egbert Eeftink.

3 Q During -- do you recall where these
4 discussions took place?

5 A They were in The Hague.

6 Q Who else was present?

7 A I think the initial discussions with
8 Argen and Egbert were with me, and I believe it
9 also was briefly discussed at the close-out
10 reserves meeting with Anton there and Deputy Group
11 Controller and the senior or partners from
12 PricewaterhouseCoopers and KPMG in their role as
13 Group External Auditors.

14 Q In the close-out meeting, who from PwC
15 attended?

16 A I don't recall all the names. I believe
17 Mr. Johnson on this list was there.

18 Q Is that Steven Johnson?

19 A Yes.

20 Q Do you recall Mr. Johnson saying

21 anything on the subject?

22 A I don't.

23 Q During these discussions, whether it was
24 the initial one or the close-out meeting, did
25 either someone from KPMG or PwC communicate that
0329

1 REMCO AALBERS, November 7, 2006
2 they had undertaken a market evaluation of the
3 Asian market?

4 A No, they didn't.

5 Q Do you recall if in the close-out
6 meeting the market evaluation of the Asian market
7 was discussed?

8 MR. TUTTLE: Objection; form,
9 characterization.

10 THE WITNESS: It wasn't discussed long
11 in the close-out meeting. It had been basically
12 closed out with Egbert and Argen as part of a
13 pre-discussion. It was just mentioned as an issue
14 that had been raised and had been basically closed
15 out based on the explanations that had been given.

16 BY MR. HABER:

17 Q Now, with regard to the decision not to
18 book the additional volumes, the auditors agreed
19 with that decision?

20 A Yes, they did.

21 Q Now, was there also a discussion during
22 these meetings about freezing additional, not only
23 the 20 million cubic meters?

24 A "Billion" is probably the right word.
25 "Million" is probably a Dutch word. Billion.

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1 REMCO AALBERS, November 7, 2006

2 Q During those discussions, was there also
3 discussions about freezing additional bookings in
4 the future for Gorgon?

5 A No, there wasn't.

6 Q Did that issue subsequently arise?

7 A No, but I guess if you -- we said that
8 we wouldn't book additional volumes until
9 basically the volumes on the books basically got a
10 contract and that the project was moving forward.
11 It was never phrased in terms of a freeze, but it

12 was just basically phrased is that we wouldn't
13 book more additional until the product started
14 moving.

15 Q Now, that decision; was that raised with
16 the ExCom?

17 A Yes. The -- it was specifically
18 mentioned in the notes that went to ExCom in
19 January 2000.

20 (Exhibit No. 6 was marked for
21 identification and attached to the deposition
22 transcript.)

23 BY MR. HABER:

24 Q Mr. Aalbers, have you seen what's been
25 marked as Exhibit 8? And I will identify this for
0331

1 REMCO AALBERS, November 7, 2006
2 the record after you answer the question.

3 A Yes, I do.

4 Q I mean I'm sorry. Exhibit 6.

5 A Yes, I do.

6 Q For the record, Exhibit 6 is a
7 presentation to ExCom dated January 31st, 2000.
8 It's Bates numbers -- and there again are two
9 Bates ranges. The first one is V00110504 through
10 V00110510, and the other one is NI000504 through
11 NI000510.

12 Mr. Aalbers, did you have any role in
13 preparing this document?

14 A I prepared the document.

15 Q Is this the document that was presented
16 to ExCom that we've been talking about over the
17 last two days?

18 A Well, actually this is not exactly the
19 document that ExCom -- because this actually
20 shares a final update. This is one I corrected,
21 one or two typos that I found later on. Well,
22 really in substance this is the same note.

23 Q In substance it is the same one?

24 A Yes.

25 Q Now, did anyone assist you in preparing
0332

1 REMCO AALBERS, November 7, 2006
2 this document?

3 A A number of people gave comments to the
4 document before it actually finally went to ExCom.

5 Q And who were those people?

6 A Aidan McKay, my boss, and Roelof
7 Platenkamp, and I believe -- I can't remember this
8 year, 2000. Who was Roelof's boss at this point?
9 The ExCom member to whom Roelof reported would
10 have seen it before it went in. I think it would
11 have been Lorin Brass.

12 Q Now, with regard to the substance of the
13 note, did you receive any challenge with any of
14 the conclusions that you had reached from
15 Mr. McKay?

16 A No.

17 Q Same question with regard to
18 Mr. Platenkamp.

19 A No, because he presented the note as it
20 stood.

21 Q And the same question with regard to
22 Mr. Brass.

23 A Again each part of the note going in to
24 ExCom in the form it was.

25 Q So all three people were in agreement

0333

1 REMCO AALBERS, November 7, 2006
2 with the content of the note when it was
3 presented?

4 MR. TUTTLE: Object to the form.

5 BY MR. HABER:

6 Q I'm sorry. That was a nod. Was that a
7 yes?

8 A Just waiting for him to finish. Yes.

9 Q Thank you.

10 If you could just turn the page to Page
11 5, which ends 508, under "Australia" the first
12 paragraph discusses the issue that we talked about
13 with regard to booking additional reserves. The
14 second paragraph, which is what I'd like to ask
15 you a couple of questions on, says, "Proved Gas
16 volumes in Australia have been a point of
17 challenge by the External Auditors (KPMG/PwC) for
18 the last two years already, and incremental
19 booking at present would be hard to support."

20 Are you with me there?

21 A Yeah.

22 Q Okay, good. Can you tell me what you
23 meant to convey by this sentence.

24 A I just wanted to indicate to ExCom that
25 we've had discussions on the existing volumes in
0334

1 REMCO AALBERS, November 7, 2006

2 Australia and the market take-up already, and just
3 that I felt that it wasn't reasonable to book
4 additional reserves at this point in time.

5 Q When you say "a point of challenge,"
6 what do you mean, or what did you mean?

7 A Basically that KPMG had asked questions
8 on this.

9 Q Were the nature of the questions one of
10 skepticism about the booking?

11 MR. TUTTLE: Object to form.

12 THE WITNESS: No. The questions were on
13 whether or not the Asian crisis had an impact on
14 reserves that were on the books.

15 BY MR. HABER:

16 Q When you used the words "point of
17 challenge," was that a phrase that was used in
18 Shell commonly?

19 A No. That was just my choice of words,
20 saying that we had had discussions on this.

21 Q Do you know if KPMG ever had reduced to
22 writing its position with regard to the booking of
23 Gorgon?

24 MR. TUTTLE: Again ever to the present,
25 or --

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1 REMCO AALBERS, November 7, 2006

2 BY MR. HABER:

3 Q Well, up until this point first. Sorry.

4 A Not to my knowledge.

5 Q And then from 2000 forward do you know
6 if they had reduced anything to writing on the
7 books?

8 A I don't know what happened after 2001
9 when I left the job.

10 Q Same question with regard to PwC; do you

11 know if they ever reduced to writing anything
12 about the Gorgon booking, again up through the
13 point in time of this, this note?

14 A No. On the reserves, the only party
15 that would actually put something in writing on
16 that would be KPMG in their annual review of the
17 reserves.

18 Q Do you recall KPMG putting anything in
19 their annual review concerning Gorgon?

20 A I don't believe they put anything in
21 specific on Gorgon. It is possible, but I can't
22 remember that. They might have made a comment on
23 the Asian crisis in one of their reports.

24 Q Do you recall which report in terms of
25 timing?

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1 REMCO AALBERS, November 7, 2006

2 A I would guess that would be the year
3 before this, so if anything, it would have been
4 January 1999, but I'm not sure if there was
5 anything in the final report.

6 Q And the final report would be in
7 connection with the close-out?

8 A Yes. KPMG would provide a written
9 document on their review, which would get
10 submitted to, uh, to Shell basically.

11 Q When you say "to Shell basically," would
12 that include the ExCom?

13 A Oh, dear. I can't recall who they
14 formally sent the report to. I don't believe it
15 was submitted to ExCom. It was submitted to the
16 Reserves Group, I believe.

17 Q The Reserves Group being EPB?

18 A Yeah.

19 Q Do you know if it was submitted to the
20 CMD?

21 A No, I don't. It wouldn't have been
22 submitted to CMD.

23 Q Do you know what I'm referring to by the
24 CMD?

25 A Committee of Managing Directors.

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1 REMCO AALBERS, November 7, 2006

2 Q If you look at the first page of the
3 document, Exhibit 6, if you look at the chart, it
4 shows a Reserves Replacement Ratio of 37 percent.

5 Do you see that?

6 A Yes, I do.

7 Q At the time you prepared this document,
8 do you recall having discussions with people
9 within EP about the Reserves Replacement Ratio
10 that's reflected on this document?

11 A Yes.

12 Q Who did you speak with?

13 A Well, again the same people I think I've
14 mentioned before: My boss, Roelof, and Lorin was
15 aware of it.

16 Q Do you recall discussing it with Aidan
17 McKay?

18 A Yes.

19 Q Do you recall having discussions with
20 anyone else about the RRR figure here?

21 A No, I don't recall any other
22 discussions, but it certainly would have come up
23 in discussions with Anton and with KPMG, I'm sure,
24 but I don't recall the exact discussions.

25 Q What do you recall about your

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1 REMCO AALBERS, November 7, 2006
2 discussions with Mr. Platenkamp?

3 A I think in general people were
4 disappointed that the Reserves Replacement Ratio
5 was as low as it was.

6 Q What did Mr. Platenkamp say to you in
7 particular?

8 A I don't recall exactly what he said.

9 Q Do you recall any discussion with
10 Mr. Brass?

11 A No, I don't.

12 Q Now, I believe you said that this was --
13 Mr. Platenkamp presented this to the ExCom; is
14 that correct?

15 A That's correct.

16 Q Was there a slide presentation that was
17 prepared?

18 A Yes, there is.

19 (Exhibit No. 7 was marked for

20 identification and attached to the deposition
21 transcript.)

22 BY MR. HABER:

23 Q For the record, we've marked as Aalbers
24 Exhibit 7 a slide presentation dated January 31,
25 2000. The top slide says, "Key Proved Reserves
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1 REMCO AALBERS, November 7, 2006
2 Messages." The Bates Number is SCA00002779
3 through SCA00002796.

4 Mr. Aalbers, have you seen this slide
5 presentation or documentation before today?

6 A Yes, I have.

7 Q Did you have any role in preparing these
8 slides?

9 A Yes, I did. I prepared the slide
10 presentation.

11 Q Did anyone assist you in preparing the
12 slide presentation?

13 A Aidan provided input and comments, and
14 although I don't exactly remember, but I'm pretty
15 sure Roelof would have had one or two comments
16 that he would have wanted to include, but I don't
17 know exactly what they were.

18 Q So looking at the document today, you
19 couldn't point out what Mr. Platenkamp's comments
20 were?

21 A No, I can't.

22 Q And is this the slide presentation that
23 Mr. Platenkamp had provided to the ExCom on the
24 day that he made the presentation?

25 A I wasn't actually at the presentation,
0340

1 REMCO AALBERS, November 7, 2006
2 so I have to assume that that's correct.

3 Q Is it fair to say that you prepared the
4 slide presentation in connection with
5 Mr. Platenkamp's presentation to the ExCom?

6 A Correct.

7 Q And in your experience as GRC, when
8 slide presentations were made, were they used
9 during ExCom meetings?

10 MR. TUTTLE: Objection to form; calls

11 for speculation.

12 MR. HABER: Just like I phrased it; an
13 understanding based upon his experience.

14 THE WITNESS: Can you just repeat the
15 question once more.

16 BY MR. HABER:

17 Q When you use -- when you prepare these
18 slides, is it your understanding that they are
19 going to be used in connection with a
20 presentation, in this case, to the ExCom?

21 A That's what they were made for, yes.

22 Q Okay. If you could look at the first
23 slide on Page 1, the very first bullet point says,
24 "'99 Proved Oil/NGL and Gas Replacement Ratio
25 37 percent." What does "NGL" stand for?

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1 REMCO AALBERS, November 7, 2006

2 A Natural Gas Liquids. It's condensate.

3 It's the liquids you recover from gas when you dry
4 the gas. There's an amount of hydrocarbons that
5 fall out as a liquid.

6 Q Is that different from "LNG"?

7 A LNG is Liquefied Natural Gas. That's
8 actually gas that you cool down to low
9 temperatures, by which stage that the gas actually
10 becomes liquid and you can transport it in a much
11 smaller form.

12 Q Which one was Gorgon; LNG or NGL?

13 A Gorgon was a gas field, so at this point
14 in time all the gas is underground in the
15 reservoir, but the intent was to produce that to
16 an LNG plant, liquify the gas and then ship it to
17 the customers either in Japan or Korea or wherever
18 else you could have sold the gas.

19 Q At the time of this meeting,
20 January 2000, was an LNG plant built in Australia
21 near the Broilein field?

22 A They had a running LNG plant on the
23 North West Shelf.

24 Q Now, the North West Shelf, where is that
25 in relation to the Gorgon gas field?

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1 REMCO AALBERS, November 7, 2006

2 A I don't exactly know how they relate to
3 each other geographically.

4 Q Was that gas plant to be used to convert
5 the gas to the NGL?

6 MR. TUTTLE: Object to the form.

7 THE WITNESS: To my understanding, it
8 was going to be extensions to that gas plant.

9 BY MR. HABER:

10 Q Extensions?

11 A Yeah, building additional trains,
12 additional treatment capacity.

13 Q At the time that Gorgon was booked, do
14 you know if the extensions had been built?

15 A No, they were not built.

16 Q And at the time that this presentation
17 was prepared, had the extensions been built?

18 A No.

19 Q Do you know if the extensions have been
20 built subsequent to January 2000?

21 A I actually don't know what's happened to
22 the LNG plants in Australia at the moment. I
23 haven't kept track of it.

24 Q At the time did you have an
25 understanding of whether, in order to build the

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1 REMCO AALBERS, November 7, 2006

2 extensions, regulatory approval from the
3 government was required?

4 A We didn't spend a lot of time on that,
5 but in all countries in the world you need
6 approvals to build things, so the assumption would
7 be yes.

8 Q Do you know if Shell had obtained the
9 necessary approvals from the Australian
10 government?

11 A No, I don't, but we hadn't taken FID
12 yet, so generally you would have had all the
13 permits in place at that point, yeah.

14 Q At FID you would have all the permits?

15 A That's when you would normally have
16 them.

17 Q So if you don't have FID, then you would

18 not have all the permits in place?

19 A Not necessarily. You could have the
20 permits and then decide not to go ahead.

21 Q Coming back to this document, underneath
22 the heading which I read, the first dash says,
23 "Low after three years high." What did you mean
24 by that?

25 A If you look at -- let me see. It's in
0344

1 REMCO AALBERS, November 7, 2006
2 here somewhere. If you look at the page marked
3 2784 which shows historic Reserves Replacement
4 Ratio, you can see that in '96, '97, '98,
5 replacement ratios were quite high, and then in
6 1999, if you take the upper two bars and not the
7 Extension AOSP, Iran, it's pretty low. It's at 37
8 percent. So for three years as appraised measured
9 above one, we're now in the year that we were
10 actually below one.

11 Q And looking at this slide on 2784, we
12 discussed yesterday that the replacement ratio had
13 increased as a result of the change in the
14 Guidelines in '98. Do you have an understanding
15 of why the replacement ratio is very high for
16 1996?

17 MR. TUTTLE: Object to the form and the
18 characterization.

19 You can answer.

20 THE WITNESS: No, I don't remember now
21 anymore what was 1996. That was before, before I
22 joined. I can't remember what were the major
23 bookings then.

24 BY MR. HABER:

25 Q Do you have an understanding as to why
0345

1 REMCO AALBERS, November 7, 2006
2 1997 shows a very -- strike that. Do you have an
3 understanding as to why 1997 shows a high
4 replacement ratio?

5 MR. TUTTLE: Object to the form.

6 BY MR. HABER:

7 Q You can answer.

8 A There were a number of bookings in '97.

9 For instance, Malambaya and Gorgon got booked
10 in '97, so they're part of that replacement, but
11 there were a number of other ones. I'd have to go
12 back to a number for that year, the total list.

13 Q If you again look at the first page of
14 the document, underneath the second dash it says,
15 "Challenge to communicate externally." What did
16 you mean by that?

17 A Basically that as an oil company you
18 would like to have a replacement ratio of one, or
19 a hundred percent, at least replacing what you've
20 produced in that year. And this would be a low
21 one, so that would be not such a positive message.

22 Q Did you have any discussions with
23 Mr. Platenkamp about what he would say to the
24 ExCom with regard to any questions that may come
25 his way concerning this point?

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1 REMCO AALBERS, November 7, 2006

2 MR. TUTTLE: Object to the form.

3 THE WITNESS: No, I don't believe we
4 discussed this specific point.

5 BY MR. HABER:

6 Q Did you discuss this point after the
7 ExCom meeting with Mr. Platenkamp?

8 A No. This wasn't one of the points that
9 came up afterwards.

10 Q If you turn to the slide on Page 2787,
11 what does this slide -- what did you mean by this
12 slide? Let me say it a better way. I'm sorry.

13 I'll withdraw the question. Get it a better way.
14 What were you trying to convey by this slide?

15 A This slide was highlighting a number of
16 issues that were identified in the note that
17 accompanied, of course, the presentation and on
18 which we wanted ExCom to support the
19 recommendations that we made for these specific
20 points that we've discussed before, SNEPCO,
21 Nigeria, Abu Dhabi.

22 Q The bottom says "total," and I believe
23 that's minus 2.5 million cubic meters.

24 A Yes.

25 Q What is that conclusion telling the

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1 REMCO AALBERS, November 7, 2006

2 reader?

3 MR. TUTTLE: Object to the form.

4 BY MR. HABER:

5 Q What does it convey?

6 A I mean it's, it's in principal the
7 sum-up of the four deltas on top, so two
8 additions, two reductions, and the net effect
9 would be a small reduction.

10 Q And when you say "reduction," do you
11 mean a de-booking?

12 A No. Actually, if you look at the
13 numbers, there are two additions. The minus 50 is
14 actually a not book, so not additionally adding
15 50, so that's not a de-booking. And the minus six
16 and a half is de-booking. It just means that from
17 the submissions as we got them, we would recommend
18 a number of changes to the submissions which would
19 have a net effect of minus two and a half for that
20 year's booking.

21 Q Okay. If you could just turn the page
22 to the next slide --

23 A Yep.

24 Q -- under "Australia."

25 A That's Page 2788.

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1 REMCO AALBERS, November 7, 2006

2 Q Yes. Thank you. Under "Australia" it
3 says, "Do not book increase Gorgon (20 percent)."
4 We've discussed that. Underneath it it says,
5 "Increase market take-up." What did you mean by
6 that?

7 A That we wouldn't book Gorgon until we
8 had an increase in the market take-up, as we
9 discussed before.

10 Q So it all relates to the discussion we
11 had previously?

12 A Yes.

13 Q If you can turn to Page 2790, and this
14 slide is talking about SPDC. I'm looking -- I
15 want to direct your attention to the third hash
16 mark. It says, "If growth does not materialize,

17 significant risk of de-booking proved reserves."
18 Was this a position that you were advancing with
19 Mr. Platenkamp?

20 MR. TUTTLE: Objection; asked and
21 answered. This is something we talked about --

22 MR. HABER: We didn't get into --

23 MR. TUTTLE: -- last night.

24 MR. HABER: We didn't get into a full
25 discussion about the issue of possibly de-booking.

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1 REMCO AALBERS, November 7, 2006

2 It was only mentioned in passing.

3 THE WITNESS: Yes, that was discussed
4 with Mr. Platenkamp, and it comes back to the
5 discussion we had before, that to actually -- even
6 if you don't book the additional 50, you already
7 need significant growth in the production levels
8 in the GA to actually produce the proved reserves
9 we had on the books at that point in time before
10 the license expired in 2019, assuming that license
11 couldn't be extended.

12 BY MR. HABER:

13 Q So does what's on this view-graph, does
14 this represent your position and Mr. Platenkamp's
15 position that a de-booking was something that
16 Shell should be watching in the future?

17 MR. TUTTLE: Objection;
18 characterization.

19 THE WITNESS: If you go to the plot
20 before, I think it's 2789, you can see historic
21 production from Nigeria up to the sort of line
22 which was the year we were in, and to actually
23 make the reserves, you have to grow along that
24 white area on the top. If that doesn't
25 materialize, then obviously you cannot produce the

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1 REMCO AALBERS, November 7, 2006

2 reserves up to license, then yes, you would be
3 facing de-booking in the future if the growth
4 didn't come.

5 BY MR. HABER:

6 Q Do you know if Mr. Platenkamp had
7 specifically discussed that with the ExCom?

8 A Yes, I believe he has.

9 Q Did he convey to you the reaction of the
10 ExCom?

11 A On which point?

12 Q On this point. I'm going to get to the
13 larger meeting in a moment.

14 A He conveyed that ExCom had accepted not
15 booking the additional volume.

16 Q Did he, did he say anything about ExCom,
17 ExCom's acknowledgement that, as the graph shows,
18 that if the production didn't increase, a
19 de-booking was possible?

20 MR. TUTTLE: Object to the form and the
21 characterization.

22 THE WITNESS: I wasn't at the meeting,
23 and I don't recall him covering that point
24 specifically, but I know they had an extensive
25 discussion on Nigeria before this was accepted as

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1 REMCO AALBERS, November 7, 2006
2 it stood.

3 BY MR. HABER:

4 Q And when you say you know they had an
5 extensive discussion, how do you know that?

6 A From what Mr. Platenkamp had said.

7 Q And do you know when that discussion
8 took place?

9 A During the ExCom presentation.

10 Q Oh, I'm sorry. I thought you were
11 talking about something other than the ExCom.
12 Okay.

13 A No.

14 Q I'm sorry.

15 Now, after the meeting where the note,
16 Exhibit 6, and the presentation, slide
17 presentation, Exhibit 7, were presented and
18 discussed in the ExCom, did you have a discussion
19 with Mr. Platenkamp about what had transpired at
20 the meeting?

21 A Yes. Mr. Platenkamp dropped by my
22 office on the way back.

23 Q And can you tell me sum and substance of
24 what you discussed.

25 A He conveyed what the decisions from

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1 REMCO AALBERS, November 7, 2006

2 ExCom was on the different points and that it had
3 been a difficult presentation, and he wasn't
4 exactly a happy man on how the presentation went.

5 Q Did he give you more information as to
6 why it was a difficult presentation?

7 A Basically from the first line of the
8 first slide, that wasn't received very well.

9 Q And who didn't, at the ExCom, receive it
10 well; did he say?

11 A Phil Watts wasn't happy with the first
12 line. 37 percent replacement ratio wasn't what he
13 was looking for.

14 Q Did Mr. Platenkamp say what Mr. Watts
15 was looking for?

16 A No, I don't believe he did.

17 Q What else did Mr. Platenkamp say about
18 what had transpired at the meeting?

19 A They had accepted the freeze on Nigeria.
20 They wanted Ehra booked. Let's see if I can get
21 through this right. The Shell offshore was to be
22 booked, and Abu Dhabi, the reduction was not
23 accepted. The Canada royalties in cash was
24 accepted. The not booking of Gorgon increase
25 volume was accepted. The de-booking of own use in

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1 REMCO AALBERS, November 7, 2006

2 USA was not accepted. And the question was raised
3 what others booked on Australia, and I was
4 requested with great urgency to check with SDA
5 what the other partners in Gorgon had booked.
6 There was a general feeling that we were too
7 conservative booking reserves.

8 Q Did Mr. Platenkamp say anything else?

9 A He was very upset at the time, and the
10 meeting didn't last very long.

11 Q Now, you say that he wasn't happy.
12 Other than explaining why it was difficult, did he
13 give any reasons why he was unhappy after the
14 meeting?

15 A The meeting had been very unpleasant was

16 my understanding, and he had -- as he was
17 presenting the message, he had received the brunt
18 of the issues.

19 Q Who did he receive the brunt of the
20 challenge from?

21 A From Mr. Phil Watts.

22 Q Was there anyone else at the ExCom who
23 was vocal that he identified?

24 MR. TUTTLE: Object to the form.

25 THE WITNESS: Not to my recollection.

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1 REMCO AALBERS, November 7, 2006

2 BY MR. HABER:

3 Q What was your reaction to what
4 Mr. Platenkamp had told you about what had
5 transpired at the meeting?

6 A It's never very pleasant --

7 MR. TUTTLE: Objection; asked and
8 answered. You can tell him again.

9 THE WITNESS: It's never very pleasant
10 when your boss's boss comes in and he's obviously
11 unhappy, and which I prepared the presentation,
12 but personally I was disappointed that the two
13 proposed de-bookings were not taken up, but I was
14 very happy that at least the freeze Nigeria was
15 acknowledged, because I thought that was at least
16 a big step in the right direction.

17 BY MR. HABER:

18 Q Did you have any other reaction to what
19 Mr. Platenkamp had told you?

20 A No.

21 Q Now, with regard to following up with
22 Gorgon -- that is, checking into what the
23 co-venturers were doing with regard to booking --
24 were you given a timetable on when to complete the
25 project?

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1 REMCO AALBERS, November 7, 2006

2 A I wouldn't exactly call it a project.

3 To get the answer to the question as soon as
4 possible.

5 MR. MORSE: I notice that my objection
6 didn't get in the record. Page 44, Line 21 (of

7 the rough draft). The objection was form.

8 BY MR. HABER:

9 Q Did you form an opinion on whether that
10 information was necessary?

11 A By itself, whether or not Shell books
12 reserves is a choice we have to make. What other
13 people book is not necessarily relevant.

14 Q As I recall, yesterday you testified
15 that way with regard to Ehra, I believe, correct?

16 A Correct.

17 Q Having been tasked now with trying to
18 find out this information, what did you do?

19 A I sent an e-mail to SDA, asking if they
20 could see if they could get some information on
21 what the other partners in Gorgon had on their
22 books.

23 Q And who did you send the e-mail to?

24 A I believe it was Sheila Graham.

25 (Discussion was held off the record.)

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1 REMCO AALBERS, November 7, 2006

2 THE VIDEOGRAPHER: We are going off the
3 record. The time is 11:15 p.m.

4 (Whereupon, a short recess was taken.)

5 THE VIDEOGRAPHER: We're back on the
6 report, the time is 11:34 a.m.

7 (Exhibit No. 8 was marked for
8 identification and attached to the deposition
9 transcript.)

10 BY MR. HABER:

11 Q Mr. Aalbers, we just handed you what has
12 been marked as Aalbers Exhibit 8. It's a two-page
13 document with a series of e-mails. The last
14 e-mail in the series is from you to Sheila Graham,
15 dated February 2, 2000. The subject line reads
16 "Re Australia -- Gorgon Proved Reserves." Bates
17 PER00020037 through PER00020038.

18 Mr. Aalbers, have you seen these e-mails
19 before today?

20 A Yes, I have.

21 Q And if you look at the last e-mail,
22 which is actually the first e-mail in a string, is
23 this -- and the e-mail is from you to Sheila

24 Graham, dated February 1, 2000. Is this the
25 e-mail that you were just referring to in your
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1 REMCO AALBERS, November 7, 2006

2 answer prior to the break?

3 A Yes, it is.

4 Q Did you have a discussion with

5 Ms. Graham about what Shell's competitors were
6 doing in Gorgon subsequent to this e-mail?

7 A No, I didn't.

8 Q So your only communication with

9 Ms. Graham concerning this issue was through this
10 e-mail?

11 A Yeah, the time difference between
12 Australia makes it difficult to have telephone
13 conversations in the best of times.

14 Q If you look at the first page of the
15 document and the last, the second to the last
16 e-mail, the middle one is from Ms. Graham to you
17 dated February 2, 2000, and she writes, "Chevron
18 do not carry any proved reserves for Gorgon, only
19 possible reserves. We are therefore more
20 optimistic than Chevron." What are possible
21 reserves?

22 A Depends on which categorization system
23 you use. You have proved, probable and possible,
24 so possible is one step down from probable
25 reserves.

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1 REMCO AALBERS, November 7, 2006

2 Q Underneath that there is a discussion of
3 ExxonMobil, and she writes, "Due to the
4 reorganization, we were unable to find out how
5 they are treating the reserves." Do you know what
6 reorganization she was referring to?

7 A I believe that was the merger between
8 Esso, Vessem and Mobil, later to become
9 ExxonMobil.

10 Q Did you ever find out what ExxonMobil
11 was doing with regard to booking reserves in
12 Gorgon?

13 A I don't recall whether or not we found
14 that out formally.

15 Q With regard to Project Rockford, did you
16 ever find out if ExxonMobil had proved reserves in
17 Gorgon?

18 A That was not part of Project Rockford.

19 Q Was it part of something else?

20 A No, not to my knowledge.

21 Q The next sentence says, "At this stage
22 we have no strong relationships with Texaco which
23 would allow us to ask such a question." Did you
24 ever find out what Texaco was doing with regard to
25 booking proved reserves in Gorgon?

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1 REMCO AALBERS, November 7, 2006

2 A I don't believe we did.

3 Q If you could just look at your e-mail
4 again on the second page, there's a reference to
5 "WAPET." What does that stand for? What does
6 that mean?

7 A I can't remember what WAPET stood for.
8 WAPET was the company that actually operated
9 Gorgon. I can't exactly remember what the company
10 setup was.

11 Q Was Shell a venturer in WAPET?

12 A We had a share in the Gorgon field. I
13 can't remember what the corporate structure was,
14 if we were actually were a partner in WAPET or
15 that we just had a share in the field. I don't
16 recall what the exact structure was.

17 Q Now, a few moments ago we talked about
18 plans to build an extension on the NGL plant in --

19 A The LNG.

20 Q Thank you. Were there any plans to
21 build a plant on Barrel Island?

22 A I wasn't aware of that possible option.

23 Q And just so we're clear on the record,
24 when you say you weren't aware, are we talking
25 about in January of 2000 or as you sit here today?

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1 REMCO AALBERS, November 7, 2006

2 A Correct, at the time.

3 Q Okay. Did you subsequently learn of
4 this?

5 A As part of the restatement, this other

6 option, I found out that that had been there as
7 well.

8 Q And what did you find out?

9 A The discussion was that Barrel Island
10 was sort of a sensitive area, and getting permits
11 there could be difficult if not impossible.

12 Q And do you have an understanding why it
13 was a sensitive area?

14 A I believe there was a -- it was a nature
15 area.

16 Q Was it your understanding from your
17 review that Barrel Island was environmentally
18 protected by the Australian government?

19 MR. TUTTLE: Object to the form.

20 THE WITNESS: I didn't review anything
21 related to Gorgon and Barrel Island.

22 BY MR. HABER:

23 Q Did you hear of that, that fact?

24 MR. MORSE: Objection to form again.

25 THE WITNESS: I don't recall the exact

0361

1 REMCO AALBERS, November 7, 2006
2 details of what the nature issue around Barrel
3 Island was, but the indication was that although
4 it might be difficult, it certainly wasn't
5 impossible to get a permit to build there.

6 BY MR. HABER:

7 Q Do you know if Shell ever got the
8 permits to build the plant on Barrel Island?

9 MR. MORSE: Objection to form.

10 MR. TUTTLE: Through today?

11 BY MR. HABER:

12 Q Through today, yes.

13 A I haven't followed where we are with
14 Gorgon. I know it's being pursued at the moment
15 as well, but I don't know what the status is.

16 Q When you say "it" are you referring to
17 obtaining the permits for Barrel Island?

18 A No, the development of Gorgon, so
19 whatever option they got being carried as the base
20 case.

21 Q In or about the time that you prepared
22 the note to the ExCom, were there any issues in

23 Gorgon relating to license expiry?

24 A No, there weren't.

25 Q Were there any issues concerning license

0362

1 REMCO AALBERS, November 7, 2006

2 expiry in Gorgon subsequent to the January 31,

3 2000, ExCom meeting?

4 A Not that I'm aware of.

5 (Exhibit No. 9 was marked for

6 identification and attached to the deposition

7 transcript.)

8 BY MR. HABER:

9 Q For the record, we've marked as Aalbers

10 Exhibit 9 an e-mail with e-mail attachments. The

11 e-mail -- the last e-mail is from John Darley to

12 Frank Coopman, dated January 28, 2004. It has

13 again two Bates numbers. The first Bates number

14 is V00072583 through V00072591, and the other

15 Bates range is DB06683 through DB06691.

16 All right. Now, for the next series of

17 questions I'd like to direct your attention to the

18 Draft Note dated November 21, 2000, which is the

19 SEC Proved Reserves Audit of Shell Development

20 Australia which was conducted between October 9th

21 and 13th of 2000 by Mr. Anton Barendregt, and that

22 is on the page that ends 589 in the V series and

23 689 in the DB series.

24 Mr. Aalbers, have you seen this note

25 before?

0363

1 REMCO AALBERS, November 7, 2006

2 A Yes, I have.

3 Q Do you recall Mr. Barendregt providing

4 you with a draft of this note which itself is

5 marked "Draft"?

6 A Well, not specifically, but all these

7 audits I would always receive a draft, so . . .

8 Q If you look at the, on Page 1, the

9 fourth paragraph, in the middle of the page -- I'm

10 sorry -- in the middle of that paragraph, there is

11 a discussion in a sentence that begins,

12 "Maintaining the preliminarily booked volume of

13 Gorgon gas reserves." Do you see that?

14 A Uh-huh.

15 Q And then it goes on to mention, quote,
16 "an extension of the current five-year Retention
17 Lease will be granted in 2002," close quote. Does
18 this refresh your recollection as to whether there
19 was an issue concerning License Expiry or
20 Retention Lease?

21 A No, this is a fact that I had forgotten.

22 Q Having looked at this, do you recall
23 what the issue was?

24 A Not exactly. From reading this, I think
25 it was something that when fields were discovered,

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1 REMCO AALBERS, November 7, 2006
2 you'd get a sort of a Retention Lease pending sort
3 of the final development, but those would normally
4 be extended, if you wish, though still in the
5 process of developing the fields, but I can't
6 remember the exact details.

7 Q Do you recall whether at this time,
8 being October/November of 2000, the extension had
9 been granted?

10 A No, I don't, but it says here "will be
11 granted 2002," so my assumption would be that that
12 was not yet the case.

13 Q If you look at the last sentence of that
14 paragraph, it says, "Concern was expressed about
15 the lack of a concisely documented audit trail,
16 which hampered a proper assessment of the reasons
17 for the end-1999 reserves changes." Do you have
18 an understanding of what Mr. Barendregt meant by
19 that?

20 A Not directly. I guess if you would go
21 into the more details of the document, he will
22 probably elaborate on that point, I would expect.

23 Q Do you recall having any discussions
24 with Mr. Barendregt about this point?

25 A No, I don't.

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1 REMCO AALBERS, November 7, 2006

2 Q Now, did you discuss, after --
3 withdrawn. Did you discuss this note with
4 Mr. Barendregt in or about the time that you

5 received it?

6 A Yes, I believe I did.

7 Q Okay. And do you recall having any
8 discussions with Mr. Barendregt about the
9 conclusions that he reached in the note?

10 A Yes, we will have discussed his
11 conclusions on Gorgon and some of the other ones
12 as well.

13 Q Do you recall the sum and substance of
14 those discussions?

15 A I mean the sum and substance are, as it
16 states here, Mr. Barendregt didn't see any reason
17 for concerns at that point in time to retain
18 Gorgon booking as proved reserves.

19 Q Did you agree with Mr. Barendregt at
20 that time?

21 A Yes, I did.

22 Q Did you communicate any concern to him
23 about the fact that there were no signed contracts
24 supporting the booking?

25 MR. TUTTLE: Object to the form.

0366

1 REMCO AALBERS, November 7, 2006

2 THE WITNESS: Again if you look at the
3 Group Guidelines, having reserves for the
4 (something) field didn't necessarily need a signed
5 contract. We did share the concern that there was
6 a question on if there was no progress with Gorgon
7 over time, where would be the point that you
8 decide that that wasn't sufficient progress, and
9 you would have to at some point decide that maybe
10 you should de-book. At this point there was still
11 progress being made, and we had indications that
12 they would conclude some sort of project within
13 the next one or two years time frame. The
14 question is how long would you let it slip before
15 you decide there is something else.

16 BY MR. HABER:

17 Q What did the two of you conclude, if
18 anything?

19 A We didn't have an answer to that
20 question. It's a difficult question to answer.
21 You could see if it would slip every time at

22 year-end and was always within one or two years,
23 you would never actually change the position, but
24 when you would start looking back at some point,
25 you would say, well, is this now too long? That's
0367

1 REMCO AALBERS, November 7, 2006

2 a hard question to answer. It would depend on the
3 outlook and how people felt the project was -- was
4 it still moving, or would it actually at some
5 point have come to a deadlock and nothing had
6 happened on it.

7 Q Did you have any discussions with people
8 at SDA on that topic?

9 A There was the point raised just before
10 the audit, but we never concluded the discussion,
11 because after Anton's audit, the point basically
12 was resolved for a while.

13 Q Are you aware of anyone in SDA
14 expressing an opinion that Gorgon ought to be
15 de-booked?

16 A There were several discussions in SDA
17 whether or not retaining the booking of Gorgon was
18 the right thing to do.

19 Q Well, do you recall having any
20 discussions with Ms. Graham, again recognizing the
21 time difference?

22 A With who?

23 Q Sheila Graham, on this issue.

24 A I believe that at this point Sheila is
25 no longer the Reserves Coordinator. I believe
0368

1 REMCO AALBERS, November 7, 2006

2 it's Sarah Bell takes over from her.

3 Q Do you recall having discussions with
4 Sarah Bell on this topic?

5 A No, we didn't actually have a
6 discussion. There was an e-mail correspondence,
7 but never a clear issue statement. I never
8 received any clear issue statement, and like I
9 said until then here, and he basically concluded
10 there was not an issue, which basically took the
11 concern from SDA away, and at that point it was
12 resolved that way around.

13 Q Who is Jeroen Regtien?

14 A I can't remember the exact point, but he
15 had been working in SDA for a period of time.

16 Q Do you recall having any communications
17 with Mr. Regtien on the topic of possibly
18 de-booking Gorgon?

19 A I'm trying to remember if -- his name is
20 actually on the SEC audit. He was actually the
21 Development Manager at SDA at the time.

22 Q Do you recall having any communications
23 with Mr. Regtien?

24 A I guess he would have been copied on
25 some of the e-mails. In general I spoke with

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1 REMCO AALBERS, November 7, 2006

2 Sarah. I think I spoke with Robert Blaauw and
3 with the RBA in The Hague.

4 Q If you turn, on the last exhibit we
5 marked, Exhibit 9, the page that ends 587 in the V
6 series and 687 in the DB series, have you, have
7 you seen this correspondence before?

8 A Yes, I have.

9 Q And if you look in the middle of the
10 e-mail from Jeroen Regtien to Sheila Graham with a
11 CC to Mark Chittleborough and Robert Blaauw, dated
12 September 19, 2000, after the bullet points
13 Mr. Regtien says, "I therefore recommend and am
14 prepared to defend downgrading Gorgon from the
15 proved undeveloped reserves category to SFR
16 (commercial/proved techniques)." Does this
17 refresh your recollection about communications
18 from Mr. Regtien regarding a possible de-booking?

19 A I don't remember if I actually received
20 that e-mail. I'm actually not copied on it. It's
21 an internal communication within SDA.

22 Q There's a reference at the bottom to
23 you. Do you recall having any communications with
24 Mr. Regtien in or around September 2000, prior to
25 Mr. Barendregt's audit, with Mr. Regtien

0370

1 REMCO AALBERS, November 7, 2006

2 concerning the Gorgon field?

3 MR. TUTTLE: Objection; asked and

4 answered.

5 THE WITNESS: No, I don't.

6 BY MR. HABER:

7 Q Who is Mark Chittleborough?

8 A I don't know.

9 Q Do you know who Robert Blaauw is?

10 A Yeah, Robert Blaauw was also working in
11 SDA. If you look at the audit note, he was the EP
12 manager in SDA.

13 Q Do you recall any communications with
14 Mr. Blaauw concerning possible de-booking of
15 Gorgon proved reserves?

16 A I've had communication with Mr. Blaauw.
17 I can't remember a specific discussion on that
18 subject as you're now calling it.

19 Q If you look down on that e-mail, the
20 sentence that begins, "I realize this may carry
21 some sensitivity in SIEP," it says, "but it was
22 extensively discussed at the ASR, and SDA was
23 actioned to develop a plan to downgrade Gorgon
24 reserves." What is the ASR if you know?

25 A I believe it stands for something like
0371

1 REMCO AALBERS, November 7, 2006
2 "April Spring Review" or something. It was a
3 review that was done early in the year on the
4 performance of the year before by the Business
5 Advisors in their respective companies.

6 Q And did you have any involvement in the
7 ASR?

8 A No.

9 Q Were you advised of the results of the
10 ASR?

11 A No, I was not.

12 Q Was your directorate advised of the
13 results of the ASR?

14 MR. TUTTLE: Objection; calls for
15 speculation.

16 THE WITNESS: Not to my knowledge.

17 BY MR. HABER:

18 Q Yesterday you had testified that when
19 you came into the position, you reviewed files.
20 Do you recall reviewing any files related to the

21 ASR that's referenced here?

22 A No, we didn't have data on the ASR.

23 That was strictly within the region and with the
24 respective Business Advisors.

25 Q Had anyone advised you, once you got
0372

1 REMCO AALBERS, November 7, 2006
2 into the position of GRC, that SDA was actioned to
3 develop a plan to downgrade Gorgon reserves?

4 A No, I wasn't aware of that.

5 Q Did you ever have discussions with
6 Mr. Platenkamp on this point?

7 MR. TUTTLE: Objection to form.

8 THE WITNESS: Can you be more specific.

9 BY MR. HABER:

10 Q The point that I'm referring to is the
11 ASR and the fact, according to this e-mail, that
12 SDA was actioned to develop a plan to downgrade
13 Gorgon reserves.

14 A No, I didn't have discussion with him on
15 that.

16 Q Same question with regard to Mr. McKay.

17 MR. TUTTLE: Same objection.

18 THE WITNESS: No.

19 BY MR. HABER:

20 Q Do you recall having a discussion with
21 Mr. Brass on this subject?

22 MR. TUTTLE: Objection to form.

23 THE WITNESS: I didn't have a discussion
24 with Mr. Brass on that subject.

25
0373

1 REMCO AALBERS, November 7, 2006

2 BY MR. HABER:

3 Q Do you recall having discussions with
4 Mr. Brass in general about the possibility of
5 de-booking the reserves that had been booked in
6 Gorgon?

7 A I don't recall.

8 Q As I recall from yesterday, you
9 testified you left the GRC position in March of
10 2001; is that correct?

11 A That's correct.

12 Q At any time between this
13 correspondence -- which is this correspondence I'm
14 referring to in Exhibit 9, not the forward, which
15 is the 2000, but the actual time period of
16 September/October/November of 2000; so from that
17 point forward until the time you left, do you
18 recall having any discussions with anyone at Shell
19 concerning the possibility of de-booking Gorgon?

20 MR. TUTTLE: Objection; asked and
21 answered.

22 THE WITNESS: Well, I think I've
23 mentioned who we had the discussions with. Up to
24 2001, you're talking about? There would have been
25 discussions when I handed over my job to Leigh
0374

1 REMCO AALBERS, November 7, 2006
2 Yaxley on where all the different countries were,
3 and it would have been part of that discussion.

4 BY MR. HABER:

5 Q And do you recall when you had these
6 discussions with Mr. Yaxley?

7 A That must have been early 2001 before I
8 left the job.

9 Q Do you recall how long the transition
10 period was?

11 A No, I don't. It wasn't an extensive
12 hand-over period, but I can't remember the exact
13 timing. A couple of weeks would be my guess.

14 Q Do you recall what you told Mr. Yaxley
15 about Gorgon?

16 A Well, not word by word, but in general I
17 would have explained to him what the history of
18 Gorgon was and the discussions and that, depending
19 on the progress of the project, there might be a
20 decision required in due course, but that as it
21 stood at the moment, retaining the booking was
22 supported, as also indicated by Mr. Barendregt,
23 but it was certainly something to watch over time,
24 depending on what progress the project would make
25 or not.

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1 REMCO AALBERS, November 7, 2006

2 Q Was the Gorgon booking discussed with

3 the ExCom at the end of the 2000 close-out? So
4 that would be in January or February 2001.

5 A I don't know. I wasn't at the actual
6 discussion of reserves, so I don't know.

7 Q Do you recall preparing any note for the
8 ExCom where Gorgon was discussed?

9 MR. TUTTLE: Same time period?

10 BY MR. HABER:

11 Q Yes.

12 A No, I don't believe I did.

13 Q Do you recall, same time period, any
14 discussions with KPMG about the Gorgon booking?

15 A As part of the reserves close-out, all
16 of Anton's audits that year would have been
17 covered, and this one would have been covered, so
18 it would have been part of the discussion, but
19 with Anton's support it wasn't a major issue that
20 year, as far as I recall.

21 Q Do you recall KPMG asking the type of
22 questions that it had asked previously that you
23 had testified about?

24 A I don't believe they did at that point.

25 Q Do you recall having any discussions

0376

1 REMCO AALBERS, November 7, 2006
2 about Gorgon with Mr. de la Mar?

3 A No, not extensively. It was one of the
4 additions in the first that I arrived.

5 Q Did he say anything to you about whether
6 Gorgon should have been booked or not?

7 A I don't believe that was a point of
8 discussion at that viewpoint, so the answer is no.

9 Q Do you know how Shell reported the
10 Gorgon booking publicly; that is, as a new
11 discovery or a revision?

12 A In the booking for Gorgon actually
13 rolled into the revisions, one of the questions I
14 raised at the time with the Reserves Coordinator
15 at that point in time, Helge Hammer, and the
16 explanation I got back was that they had already
17 booked reserves expectation the year before it was
18 ever approved, so that they now booking approval
19 was actually a provision of --

20 THE REPORTER: Slow down.

21 THE WITNESS: Expectation the year

22 before or maybe prior to, two years before. I'm

23 not sure if it was the year before or the year

24 before that.

25 So that was the explanation. I accepted

0377

1 REMCO AALBERS, November 7, 2006

2 the explanation. On hindsight, being the first

3 time proved booking, it should have actually gone

4 into the discovery category, but that was an

5 oversight because of the way the discussion went,

6 and I hadn't realized that's where it should have

7 gone. That's where I would have put it in

8 subsequent years. Having just arrived new on the

9 job, I missed that point and accepted the

10 explanation from Australia, why it was showing up

11 as revisions.

12 (Exhibit No. 10 was marked for

13 identification and attached to the deposition

14 transcript.)

15 BY MR. HABER:

16 Q For the record, we've just marked as

17 Albert Exhibit 10 a series of e-mails with an

18 attachment. The last in the series is from Helge

19 Hammer to Mr. Aalbers, with a CC to a couple of

20 people. It's dated February 2, 1998. The subject

21 line reads "Re Australia -- Reserves Query." The

22 Bates number range is RJW00931357 through

23 RJW00931360.

24 Mr. Aalbers, have you seen these e-mails

25 and the attachment before today?

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1 REMCO AALBERS, November 7, 2006

2 A I've seen the e-mail. I believe I've

3 seen the attachment, but I, I don't recall it as

4 such very clearly.

5 Q My only question is directed to the

6 first page of the exhibit. Is the e-mail from

7 Mr. Hammer to you a communication where Mr. Hammer

8 explained why Gorgon should be booked as a

9 revision?

10 A This is the e-mail I referred to. I

11 asked the question on sort of where all the
12 relative bookings came from, and he indicated here
13 why he had selected revision, and I accepted that
14 explanation.

15 Q So this e-mail would be reflective of
16 that conversation or communication?

17 A Well, there wasn't a discussion. It was
18 only the e-mail communication. Again due to time
19 differences, it was generally over e-mail.

20 Q Now, subsequent to this e-mail, during
21 your tenure as GRC did you have any communications
22 with Mr. Hammer concerning whether Gorgon should
23 have been booked or not as proved reserves?

24 A I don't believe I had. I don't think
25 Helge was in the job very long. When I was there,
0379

1 REMCO AALBERS, November 7, 2006
2 his job was taken over by Sheila Graham and then
3 after that by Sarah Bell. I don't recall any
4 discussion other than that.

5 Q Do you recall any communications from
6 Mr. Hammer where Mr. Hammer expressed the view
7 that Gorgon had not reached commercial maturity?

8 MR. TUTTLE: Objection; foundation.

9 THE WITNESS: No.

10 BY MR. HABER:

11 Q And by communications, just so again in
12 this case I'm clear, it's not only by e-mail or
13 letter, but also verbal, by telephone?

14 A Correct.

15 Q Now, were the -- in connection with the
16 close-out that we talked about, the close-out
17 meeting in 2000, I believe you had testified that
18 the Deputy Group Controller attended that meeting
19 with the External Auditors; is that correct?

20 A Yes. He always attended the close-out
21 reserves meetings.

22 Q Do you recall the Deputy Group
23 Controller saying anything with regard to Gorgon?
24 And now I'm talking about the meeting in January
25 of 2000 or February of 2000.

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1 REMCO AALBERS, November 7, 2006

2 A January 2000, that was about the

3 additional booking. No, I don't.

4 Q How about during your tenure as GRC; do
5 you recall having any communication with the
6 Deputy Group Controller concerning whether Gorgon
7 should have been booked as proved reserves?

8 A Very possible, but I don't, don't recall
9 any specific conversations.

10 (Exhibit No. 11 was marked for
11 identification and attached to the deposition
12 transcript.)

13 BY MR. HABER:

14 Q We've just marked as Aalbers Exhibit 11
15 a series of e-mails, the last of which is from
16 Mr. Aalbers to Sheila Graham, dated September 21,
17 2000. The subject line reads, "Re: Gorgon
18 Reserves vs. SFR." The Bates number range is
19 PER00020250 to PER00020251.

20 Mr. Aalbers, have you seen these e-mails
21 before today?

22 A Yes, I have.

23 Q A few moments ago I asked you questions
24 about recollection concerning communications with
25 Sheila Graham about the possibility of de-booking.

0381

1 REMCO AALBERS, November 7, 2006

2 Does this document refresh your recollection about
3 such communications?

4 A Uh-huh, yes.

5 Q Do you recall any other communications
6 with Ms. Graham where she had indicated that they
7 were -- and I'm just going to use her words, based
8 upon the e-mail at the bottom of Page 1 that
9 carries over to Page 2 -- "collating data on
10 Gorgon with the view to making a recommendation on
11 reserves versus SFR for review by all interested
12 parties by the end of October." The question
13 is --

14 A I missed the first part.

15 Q And I apologize. With regard to the
16 portion of the sentence I just read you, do you
17 recall any other communications with Sheila Graham
18 where she had indicated that SDA was looking for

19 information with a view to making a recommendation
20 to de-book?

21 MR. TUTTLE: Objection to the
22 characterization of the document.

23 THE WITNESS: No, I think this is the
24 main discussion that went. I think I also earlier
25 said that there was a discussion running within
0382

1 REMCO AALBERS, November 7, 2006
2 SDA whether or not it was still appropriate to
3 retain the booking. I was trying to refer to this
4 at that point, and I remember this e-mail
5 discussion. It was just prior to Anton Barendregt
6 going back -- going to SDA for his regular
7 reserves audit.

8 BY MR. HABER:

9 Q And did you understand from her e-mail
10 that the issue that they were looking for data was
11 a possible de-booking?

12 A Yes. They were looking at whether or
13 not they felt it was still appropriate to keep
14 Gorgon on the books.

15 Q And so in her e-mail in the portion I
16 read to you, when it refers to "reserves versus
17 SFR," does that refer to taking the reserves that
18 had been booked as proved and then moving them
19 over to the category of SFR?

20 A Yeah, the deal was about if you take
21 them out of reserves, they would then
22 automatically go into scope for recovery, which
23 the volume is there, but you just don't categorize
24 them as reserves at the time. It's just not a
25 category where . . .
0383

1 REMCO AALBERS, November 7, 2006

2 Q And that would be a de-booking of
3 reserves?

4 A Yes, correct.

5 MR. HABER: I am told there are five
6 minutes on the tape.

7 THE VIDEOGRAPHER: This marks the end of
8 Tape 1 in Volume II of the deposition of
9 Mr. Aalbers. We are going off the record. The

10 time is 12:29 p.m.

11 (Whereupon, a short recess was taken.)

12 THE VIDEOGRAPHER: This marks the
13 beginning of Tape 2, Volume II in the deposition
14 of Mr. Aalbers. We are back on the record. The
15 time is 12:28 p.m.

16 MR. HABER: Let's mark this as an
17 exhibit.

18 (Exhibit No. 12 was marked for
19 identification and attached to the deposition
20 transcript.)

21 BY MR. HABER:

22 Q For the record, we have just marked a
23 series of e-mails as Aalbers Exhibit 12. It's a
24 three-page document. The last e-mail in the
25 series is from Roelof Platenkamp to Mr. Aalbers

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1 REMCO AALBERS, November 7, 2006
2 with a CC to Aidan McKay. It's dated January 7,
3 2000. Subject reads "Re: Australia -- Gorgon
4 reserves to SFR," with four question marks
5 following it. The Bates number range is
6 PBW0002283 to PBW0002285.

7 Mr. Aalbers, have you seen these e-mails
8 before today?

9 A Well, I'm copied on a number of them, so
10 yes, I have seen them, but they don't just all
11 quickly come to memory.

12 Q In particular I want to talk to you
13 about the e-mail that you sent to Mr. Platenkamp
14 with a CC to Mr. McKay, dated January 7, 2000,
15 that's on Page 1 of the exhibit. Do you recall
16 the reason why you sent the e-mail to
17 Mr. Platenkamp?

18 A No, I don't. I expect it was following
19 the discussion with Aidan and the request to
20 provide the information to Roelof.

21 Q Do you have any recollection of what was
22 discussed with Mr. McKay?

23 A No, I don't.

24 Q If you look at the first paragraph, full
25 paragraph in your e-mail, it says, "If SDA were to

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1 REMCO AALBERS, November 7, 2006

2 reclassify Gorgon reserves, the impact on proved
3 reserves would also be 50 percent (some 105.8 mrd
4 sm3!)." What did you mean by that?

5 A I was indicating what the volume of
6 Gorgon was that we actually had on the books at
7 that point in time.

8 Q Was there a discussion with Mr. McKay
9 about what impact a de-booking would have on
10 Shell's proved reserves?

11 A Yes. I mean this was trying to put the
12 size of Gorgon in perspective to the total of the
13 group.

14 Q Did you have a similar conversation with
15 Mr. Platenkamp other than through this e-mail?

16 A I don't recall whether we had an actual
17 discussion on it, but it's possible.

18 Q And by "50 percent" are you referring to
19 the total proved reserves that Shell was
20 reporting, or are you referring to the Reserves
21 Replacement Ratio?

22 MR. TUTTLE: Objection; form,
23 characterization of the document.

24 MR. HABER: I'm just asking him what
25 he's referring to.

0386

1 REMCO AALBERS, November 7, 2006

2 THE WITNESS: I believe it means
3 50 percent of the reserves on the books in
4 Australia.

5 BY MR. HABER:

6 Q So it's a reference to Australia?

7 A Yes.

8 Q Now, if you turn the page to Page 2 of
9 the e-mail, and in particular I'm looking at the
10 e-mail from Sheila Graham dated January 7, 2000,
11 to Robert Jager, with a CC to Robert Blaauw and
12 you, the subject says, "Re: ARPR Update." If you
13 look at the middle paragraph -- and I'm not going
14 to read it into the record, but it talks about
15 efforts to locate records about the Gorgon
16 booking. Do you recall any discussion with
17 Mr. Platenkamp concerning the subject that's in

18 this paragraph?

19 A No, we didn't discuss this.

20 Q Do you recall discussing again the
21 subject of this paragraph with Mr. McKay?

22 A No, I don't.

23 Q Do you recall having a discussion or a
24 communication with Mr. Jager about the subject of
25 that paragraph?

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2 A No, I don't.

3 Q The same question with regard to
4 Mr. Blaauw.

5 A No, I haven't had discussion with
6 Mr. Blaauw on that.

7 Q Lastly, Ms. Graham -- do you recall a
8 communication with Ms. Graham other than this
9 e-mail on that subject?

10 A That's possible, but I don't remember.

11 Q Just going back to your e-mail to
12 Mr. Platenkamp, and in particular the 50 percent
13 figure in that second paragraph, do you recall
14 having a discussion with Mr. Platenkamp of how
15 that reduction would affect Shell's RRR?

16 A No, I don't. The information here only
17 talks about what the absolute impact would be on
18 total reserves.

19 Q And that would be six percent?

20 A That's what the e-mail says, yes.

21 Q Okay. And was that a figure that you
22 arrived at through your own, own work?

23 A Yes.

24 Q You can put that aside.

25 Now, with regard to Australia, have you

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2 ever heard of Sunrise fields?

3 A Sunrise Troubadour, yes, I have.

4 Q And what type of field is that; oil or
5 gas?

6 A That's also a gas field.

7 Q Do you know if any reserves had been
8 booked in Sunrise?

9 A What time frame are we talking about?

10 Q Let's talk about the January/February
11 time frame.

12 A Booked by whom?

13 Q Shell.

14 A I believe we didn't have reserves in
15 Sunrise Troubadour.

16 Q Do you recall any discussions within
17 your directorate concerning using reserves from
18 Sunrise as an offset for Gorgon?

19 A Yeah, I recall that there has been
20 discussions on that.

21 Q What is your recollection about those
22 discussions?

23 A As far as I can recall, there were at
24 some point discussions where future LNG trains
25 would actually -- rather than getting Gorgon, some
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1 REMCO AALBERS, November 7, 2006
2 distributor would sort of jump the queue and get
3 developed maybe ahead of Gorgon.

4 Q And in terms of being an offset for
5 Gorgon, do you recall any discussions?

6 A I can't remember exactly, but I mean I
7 think sort of just the basic discussion would be
8 that if you actually decided to develop Sunrise,
9 then at that point you would book Sunrise, but
10 then you would de-book Gorgon, because then
11 obviously you made a different choice in terms of
12 how you were going to develop these fields.

13 Q Who did you have these discussions with?

14 A I don't remember who exactly with. I
15 would assume it would be possibly Aidan and
16 probably also with the Business Advisor, but I
17 don't recall exactly.

18 Q And the Business Advisor; would that be
19 Rob Jager?

20 A Yes, that would be Rob Jager.

21 Q And again I propose to you around the
22 time frame January/February of 2000. Is this your
23 best recollection of when these discussions
24 occurred?

25 A No, not necessarily, but it would have

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2 been in the latter part when I was Group Reserves
3 Coordinator, but I don't know the exact timing.

4 Q You say "the latter part," so that would
5 be sometime at least after January/February of
6 2000 up until March 2001?

7 A That would be my guess.

8 Q Now, during your, during your tenure as
9 GRC, do you recall there being any issues that
10 came to your attention in Brunei?

11 A Yes, there were.

12 Q And what were the issues?

13 A I believe we called them at the time
14 legacy reserves.

15 Q And what are legacy reserves?

16 A Legacy reserves were reserves that had
17 been booked in Brunei I believe actually a long
18 time before I was Reserves Coordinator, I think
19 possibly up to about ten years before, which
20 hadn't actually quite matured through, and with
21 some of them there were potentially some issues as
22 to whether or not they could actually be developed
23 or not.

24 Q And how did these issues come to your
25 attention?

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2 A I can't remember when the legacy series
3 first came. It came up as part of discussions on
4 the Brunei reserves, but I can't remember exactly
5 at what point and with whom.

6 Q Now, when you say "came up as part of
7 discussions," now I'm going to try to refresh your
8 recollection. Do you, do you believe that the
9 discussions were with Mr. Platenkamp?

10 A No, they certainly wouldn't have been
11 with Mr. Platenkamp.

12 Q And why is that?

13 A Because they would have been either with
14 people in BSP, Brunei Shell Petroleum, or with the
15 Business Advisor. It would be one or the other.

16 Potentially it could have also come out of a

17 common summary in a Business Plan submission that
18 I picked up on. That would be the most logical
19 place as well initially -- where the discussion
20 initiated basically when I became aware of the
21 specific issue.

22 Q So if it came up, as you say, more
23 likely in a Business Plan submission, that would
24 be after the ARPR process, correct?

25 A No. I said there are three potential

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2 options. It could either have been in discussions
3 with staff in Brunei Shell, it could have been in
4 discussion with the Business Advisor, or possibly
5 out of a comment maybe somewhere in the Business
6 Plan. Any of those three are equally likely.

7 Q And my question was only directed with
8 regard to Option 3, which was the Business Plan.
9 That would occur after the ARPR?

10 A The Business Plan -- well, it depends.
11 The Business Plan is in between, so the Business
12 Plan is mid-year and the ARPRs are at the start or
13 end of the year, however you call it, so the cycle
14 is ARPR, Business Plan, ARPR, Business Plan, so
15 it's in between.

16 Q Okay. Now, who do you recall was the
17 RBA for BSP at that time?

18 A I knew that question was coming. Nice
19 guy. The name's just slipped me. I think he had
20 a fairly complicated name. I just can't get his
21 name at the moment.

22 Q Okay. And you mentioned possibly people
23 from BSP. Who else would be at BSP that you would
24 be communicating with on these issues?

25 A I can't remember who was the Reserves

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2 Coordinator at the time, but I believe there were
3 discussions with Chris Kennett.

4 Q Who was Chris Kennett?

5 A I can't remember what his exact job at
6 the time was. He might have been head of
7 Development Unit or head of Petroleum Engineering

8 or something along those lines. He was a
9 reservoir engineer that I already knew from before
10 in the NAM.

11 Q Do you recall the sum and substance of
12 the discussions you had with Mr. Kennett?

13 A We basically had discussions on the
14 origin of the, uh, well, what they call legacy
15 reserves and on the political sensitivity locally
16 in Brunei of de-booking those.

17 Q And what were the political
18 sensitivities that were discussed?

19 A I can't remember exactly what, how it
20 went, but Shell had made promises on these
21 reserves, and it was fairly sensitive whether or
22 not that was happening, and they couldn't -- well,
23 they locally found that they couldn't just de-book
24 these without doing some further work, and they
25 were trying to work through a program. They were

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2 trying to address all these legacy reserves on an
3 individual basis, and sort of updates, field, the
4 reservoir development plans, and then slowly try
5 to work the issue out.

6 Q Do you recall there being any discussion
7 about possibly de-booking the reserves?

8 A Yes, there was certainly discussion on
9 that. As far as I recall the discussion, I felt
10 at the time that if you couldn't justify them at
11 that point, you should take them out of the books.

12 Q Did you communicate that view to anyone
13 else at Shell?

14 A That discussion was certainly with
15 Brunei Shell and the people I was talking to and
16 with the Business Advisor.

17 Q Who at the moment you don't recall his
18 name?

19 A Yeah. When I get it, I'll tell you.
20 I'm hoping you're going to give me a piece of
21 paper with the name on it.

22 Q I wish I could.

23 Did you discuss your view about whether
24 to de-book or not with Mr. Platenkamp?

25 A I don't recall.

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2 Q Same question with regard to Mr. McKay.

3 A Again I don't recall, because I'm not a
4 hundred percent sure at what point in time this
5 discussion was taking place. It was somewhere I
6 believe in sort of the middle of my tenure, so I
7 haven't got the exact time frame. So it's
8 possible that it was still when Wouter van Dorp
9 was still there.

10 Q Do you recall discussing the issue with
11 Mr. van Dorp?

12 A Well, that would place the time, so no.

13 Q Well, I'm just trying. Do what I can to
14 try.

15 Now, were there also issues concerning
16 license expiry in Brunei?

17 A Yes, there was also discussion on -- I
18 believe at the time there was 2003 was when the
19 license needed to be renewed in Brunei.

20 Q And do you recall if there were any
21 efforts to resolve the license expiry issue?

22 A As far as I remember, I had discussions
23 with the RBA on that, because Brunei Shell
24 actually had booked reserves well beyond 2003, and
25 at the end of the day it was concluded that Shell

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2 in Brunei had an automatic right of extension and
3 that the license expiry wasn't an issue, and I
4 believe we had a license expiry before when the
5 license was renewed, so there was an historic
6 track record.

7 Q There wasn't any historic --

8 A There was.

9 Q Oh, there was? Okay. Was it your
10 understanding that Shell was entitled to an
11 automatic extension?

12 A At the time when the discussion started,
13 it wasn't clear to me that that was the case when
14 we had that discussion.

15 Q Subsequent to that time did you learn

16 that Shell was entitled to an automatic extension?

17 A The conclusion of the discussion was
18 that -- sorry. Let me rephrase that. The advice
19 that I was given from the people for -- business
20 advice from people in Brunei was that we had that
21 and that's how it got settled, so we retained the
22 reserves post-2003, and in actual fact, the
23 license was extended when it was 2003. I think it
24 was extended sometime in 2002, but I don't know
25 the exact date.

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2 Q And the extension occurred after you had
3 left your position as GRC, to the best of your
4 recollection?

5 A I believe. Yeah, I believe to my
6 recollection that was the case.

7 Q Okay. Now, with regard to the legacy
8 issues, do you know if Brunei prior to -- strike
9 that. With regard to the legacy issues, do you
10 know if Brunei de-booked reserves that had been
11 booked as proved?

12 A I believe it was -- the issue had been
13 there for a while. I believe that some reserves
14 had been revised over time. They didn't de-book
15 all those legacy reserves at that point in time
16 when we had the discussion, but they -- we agreed
17 that they were going to work a plan and address
18 them all sort of individual over the next -- I
19 can't remember how many years. Two or three years
20 they were going to work themselves through. It
21 was just some of the reservoirs, it was physically
22 impossible to do it all in one go.

23 Q And when you say "we" agreed, who are
24 you referring to?

25 A At the end of the day it was agreed

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2 between Brunei and the Business Advisor, and I
3 accepted that compromise and didn't push the issue
4 any further.

5 Q And in accepting that compromise, did
6 you discuss it with any of your bosses?

7 A I'm pretty sure I have, but I don't

8 recall, as we've been through before.

9 Q Do you know if any reserves in Brunei
10 had been recategorized as a consequence of Project
11 Rockford?

12 A I think some have been differently
13 revised, but I'm not a hundred percent sure. I
14 believe there have been.

15 Q Do you know if any of those reserves are
16 the reserves that we were just talking about?

17 A There would be those reserves, to my
18 knowledge, yes.

19 MR. HABER: Okay. Why don't we stop for
20 lunch.

21 THE VIDEOGRAPHER: We are going off the
22 record. The time is 12:52 p.m.

23 (Whereupon, the lunch recess was taken.)

24 THE VIDEOGRAPHER: We are back on the
25 record. The time is 1:42 p.m.

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2 BY MR. HABER:

3 Q Good afternoon, Mr. Aalbers.

4 A Good afternoon.

5 Q Do you recall during your tenure as GRC
6 issues arising in connection with booking approved
7 reserves in Angola?

8 A Yes, I do.

9 Q And what issues do you recall?

10 A The discussion was whether or not Angola
11 had sufficient discoveries with sufficient
12 technical commercial maturity to be proved
13 reserves.

14 Q And how did that issue come to your
15 attention?

16 A The discussion was they are already
17 running through the year as part of the Quarterly
18 Reporting of reserves and through discussions with
19 the Business Advisor for Shell Angola.

20 Q Who is the Business Advisor for Shell
21 Angola?

22 A That is Gordon Parry.

23 Q Did that position, the person in the

24 position change at some point in time?

25 A Well, through the period of discussion,

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2 Gordon Parry was the Business Advisor.

3 Q And so we're clear, what time frame are

4 you referring to?

5 A I think this is end of 2000.

6 Q Sometime around September to the end of

7 the year; does that sound about right?

8 A Yes.

9 Q You have to verbalize for the court

10 reporter.

11 A Yes.

12 Q Thank you. Do you recall how much

13 volume was being proposed to be booked?

14 A I think initially there were discussions

15 over volume around 300 million barrels of oil

16 Shell share.

17 Q When you say "Shell share," were there

18 other co-venturers in the project?

19 A Yes. It was a non-operator venture. I

20 believe BP was the operator.

21 Q Do you know who was doing the technical

22 work for Angola?

23 A The technical work was being done by

24 SDS.

25 Q And is that out of Houston?

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2 A That's out of Houston, yes.

3 Q Do you recall speaking with anyone at

4 SDS regarding the Angola issues?

5 A I believe in December 2000 we went over

6 to -- sorry -- Anton Barendregt and myself went

7 over to SDS to discuss the technical work that

8 they had done for Shell Angola.

9 Q And how is it that you were asked to go

10 to Houston?

11 A We were asked to verify whether or not,

12 based on the work that was done, there was

13 actually a case or basically sufficient technical

14 commercial maturity to support booking of reserves

15 by year-end.

16 Q And who requested that you and
17 Mr. Barendregt go to this meeting?

18 A I believe I heard the request via my
19 boss, Aidan McKay.

20 Q Did Mr. McKay indicate that your
21 presence was requested from someone higher than
22 him?

23 A Yeah, I believe the discussion had come
24 from a higher level, yes.

25 Q And what level; did he say?

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2 A I can't recall where the call exactly
3 had come from. It had obviously been discussed
4 and been decided that for this specific case it
5 would be a good idea that we actually review the
6 booking before we made the booking.

7 Q That to review the booking before the
8 booking was made; was that something that you had
9 done prior to the end of 2000 as GRC?

10 A No. This was actually a special case.
11 We hadn't normally done it in this type of way
12 before.

13 Q And why was this a special case?

14 A I guess that some people felt uneasy
15 about the, about the booking and the technical and
16 commercial maturity of the booking, and felt that
17 it was the best thing to review it up front rather
18 than book it and then have it reviewed afterwards
19 and then come to the conclusion that you didn't
20 support it and have to de-book it again.

21 Q Do you know who was proposing this, this
22 course of action, that is?

23 MR. TUTTLE: Objection; asked and
24 answered.

25 THE WITNESS: No.

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2 MR. HABER: I was referring to people
3 other than his immediate and then higher up.

4 THE WITNESS: I don't know where the
5 idea originally came from.

6 BY MR. HABER:

7 Q Do you recall when the request for you
8 to go down to Houston was made?

9 A Sometime late 2000. I can't recall
10 exactly. I think I was actually out on another
11 trip when I heard that this was going to happen.
12 Must have been September/October time or
13 something.

14 Q Did you do anything to prepare for the
15 meeting?

16 A No, I don't think we did anything
17 specific before the meeting. There had been
18 discussion with Anton Barendregt and people in SDS
19 prior, because Anton happened to be out on a
20 reserves audit for the Shell Oil reserves, and
21 while he was there they basically had a meeting
22 with him to sort of understand what it was that
23 they were required to do to support this technical
24 and commercial maturity for a booking year-end.
25 So that was part of the preparation that had

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2 happened already before, and we basically had a
3 discussion with Anton on what we were going to do
4 there, and they would present their case, and we
5 would review whether or not we felt that was
6 appropriate work that could support a booking.

7 Q Did Mr. Barendregt communicate to you
8 the substance of his discussions with the people
9 at SDS while he was down in Houston on this Shell
10 audit?

11 MR. WEED: Objection; form.

12 THE WITNESS: We discussed briefly that
13 he had had that meeting and that he basically had
14 explained how the Shell Guidelines on reserves
15 worked, so what was required to support a booking.

16 BY MR. HABER:

17 Q Was any information forwarded to you
18 prior to the meeting from SDS?

19 A I don't recall. I don't think so.

20 Q I'm sorry. You may have said it. Who
21 at SDS was the primary person that was involved
22 with this meeting?

23 MR. TUTTLE: Objection; form.

24 THE WITNESS: I don't think we covered
25 that yet.

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2 BY MR. HABER:

3 Q Okay. Well, who at SDS was the person
4 that you communicated with?

5 MR. TUTTLE: Objection to the
6 characterization, to the form.

7 THE WITNESS: I can't remember. I
8 believe the meeting was set up through the
9 Business Advisor, so our communication was
10 primarily with the Business Advisor and with the
11 people from Shell Angola.

12 BY MR. HABER:

13 Q Shell Angola; that's SDAN?

14 A Yeah, I believe that's the right
15 abbreviation. Shell Development Angola or
16 something.

17 Q Okay. So let me clear up then the
18 record. Prior to going to the meeting, had you
19 any communications with anyone at SDS relating to
20 the Angola?

21 A No, I believe I didn't.

22 Q At the meeting I believe you said in
23 December of 2000, other than you and
24 Mr. Barendregt, who attended?

25 A I don't recall all the names. I know

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2 Barry Knight was there and Matthias Bichsel was
3 there a prior time. It was next department
4 meeting, but he ended the meeting at some point.
5 And the other names I don't recall.

6 Q Was a person by the name of Richard
7 Sears in attendance at this meeting?

8 A That's possible, but I don't recall.

9 Q Now, who is Matthias Bichsel?

10 A Matthias Bichsel was the head of Shell
11 Deepwater Services at the time.

12 Q In sum and substance can you explain
13 what happened during this meeting.

14 A During the meeting they presented the
15 different fields that they had discovered in
16 Angola -- Plutonia, Cromio, these type of names --
17 where they were with the technical work on the
18 different fields and what the subsurface
19 understanding of these fields was and what that
20 potential development was, and some of the analogs
21 that you used in terms of activity and these type
22 of things, so they presented basically their case.

23 Q "They" being who?

24 A The people from Shell Deepwater Services
25 doing technical work for SDAN, because Angola at
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2 the time wasn't an operated venture, so it was, as
3 done, was fairly slimly staffed to do a lot of
4 technical work -- for Shell Deepwater Services.

5 Q What was the reaction to the information
6 that SDS was imparting during the meeting?

7 A By who?

8 Q Well, by SDAN or any of the other
9 participants.

10 A The question is not clear to me. Can
11 you try that again.

12 Q You just described generally what the
13 SDS presentation was. What I wanted to know is:
14 Other than SDS participants what was the reaction
15 of the other participants to the meeting?

16 MR. TUTTLE: Objection to form.

17 THE WITNESS: I'm -- I can't remember
18 who were there at the meeting. I don't know which
19 SDAN people were actually at the meeting. The
20 meeting was in general a presentation from SDS to
21 Anton and myself.

22 BY MR. HABER:

23 Q Do you recall if a Robert Inglis was at
24 the meeting?

25 A No, I don't.

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2 Q Do you know if Grigore Simon attended
3 the meeting?

4 A I remember his name, but I don't know if

5 he was actually at the meeting.

6 Q So what was your reaction to the
7 information that SDS had given at the meeting?

8 A We concluded from the presentation that
9 a number of fields were actually not technically
10 mature to book reserves. Some fields had very
11 complicated subsurface structures with lots of
12 faults and only one well drilled into it. Some of
13 the analogs that they used they had picked -- how
14 do I phrase it -- the best analogs from the Gulf
15 of Mexico without demonstrating, as those analogs
16 were actually applicable to the fields in Angola,
17 so all in all we felt on a number of points the
18 work wasn't technically mature.

19 Q And when you say "we" are you referring
20 to yourself and Mr. Barendregt?

21 A That's correct.

22 Q Now, in your answer you said that a
23 number of -- you referred to a number of fields
24 that were not technically mature. Do you recall
25 any discussion concerning fields that were

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2 technically mature?

3 A We ended up indicating there were
4 potentially two fields -- I think it was Plutonia
5 and one other name -- where there were part of the
6 field that had sufficient information and could be
7 considered technically mature if you were to do a
8 small development on those elements only. Some of
9 the elements for some of the other fields, even if
10 you consider the fields technically mature, even
11 the extensions of time, if they were commercially
12 even somewhat on the shaky side, not clear, then
13 you could actually tie them in. A small
14 development was potentially feasible in only
15 limited area of two of the fields.

16 Q Now, is this the conclusion that you had
17 reached, or was this a position that was being
18 advanced by SDS?

19 A I think it was part of the discussion.
20 It was clear that some elements were not
21 supportable, and as part of the meeting it was --

22 it transpired that the only bit that could be
23 supported is if they focused on those two mature
24 parts of two of the discoveries and actually
25 worked a notional Field Development Plan for
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2 developing those two only, with a sort of mini
3 development, and if they could actually get that
4 worked up sufficiently before the end of the year,
5 before the booking, then that was a potential
6 option that they could actually book a potential
7 reserves by year-end, on the assumption they could
8 get that done.

9 Q Do you recall how much oil was involved
10 with regard to these two fields?

11 A I think at the end of the day instead of
12 the 300 mentioned before, it ended up to being
13 something like I think around 70 million barrels
14 of oil.

15 Q Do you recall what SDS was advocating in
16 terms of how much to book?

17 MR. TUTTLE: Objection to form;
18 characterization.

19 THE WITNESS: SDS were providing the
20 technical work for SDAN to support the booking, so
21 SDS actually just showed the work they done and
22 the numbers and the technical work and what that
23 results from in terms of the work they had done.
24 During the meeting it became clear that that was
25 not going to be supported and that they had to

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2 work on a much more slimmed down mini development
3 basically.

4 BY MR. HABER:

5 Q So with regard to the numbers that SDS
6 had and was presenting at the meeting, was that
7 number the 300 million barrels that you had
8 mentioned a moment ago?

9 MR. WEED: Objection; form.

10 THE WITNESS: I don't recall what the
11 number was at the meeting, because it was very
12 much focused on the field developments, and you

13 got to take a step between the hundred percent
14 development and how you actually venture and work
15 up what the equivalent Shell share would be based
16 on the PSC terms, and that was actually something
17 that SDS by itself couldn't do. That was always
18 done by SDAN. They had to actually work out what
19 the equivalent Shell share was, but of course,
20 with the fields and their rough size and the work
21 that had been done before, that roughly would have
22 equated to 300 million barrels, more equivalent.

23 BY MR. HABER:

24 Q During the meeting, the discussion about
25 slimming down what could be booked, did -- was

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2 there a discussion about how much volume could be
3 booked with regard to that process, that slimming
4 down process?

5 A I don't recall if there was actually a
6 discussion on what number that would be, but just
7 by back of the envelope, I mean if you stake
8 certain fields off and you say, well, it's roughly
9 going to be 75 percent of this field, you could
10 get a rough feel on what order of magnitude that
11 would be. The number obviously couldn't be worked
12 out, because you have to first get that notional
13 FDP sort of scope, including cost estimate,
14 because without the cost estimate you can't work
15 out what the PSC terms are, so you could never
16 work out what the exact number was until you had
17 actually completed the work.

18 Q And at that point in time at the meeting
19 that work had not been done?

20 A They hadn't completed all that work at
21 that point, no.

22 Q Do you know when they completed that
23 work?

24 A They completed that work subsequently
25 after the meeting and provided that work to Anton,

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2 I believe, and on that basis a final estimate was
3 prepared by SDAN on what to book.

4 Q Do you know if the final estimate that
5 SDAN proposed was the number that SDS had reached?

6 A Hold on. Too many abbreviations. Could
7 you try that once more.

8 Q Do you know if the final estimate that
9 Shell Angola had proposed was the number that SDS
10 had reached after doing the work?

11 MR. TUTTLE: Objection to form,
12 foundation, characterization.

13 THE WITNESS: The number that SDAN
14 eventually proposed to book was a number that they
15 calculated based on the technical work done by
16 SDS.

17 BY MR. HABER:

18 Q The technical work that SDS had done,
19 had you seen it?

20 A I don't think I saw the final technical
21 work, no.

22 Q Do you know if SDS had concluded --
23 withdrawn. Do you know if SDS included, in the
24 technical work that it had done after the meeting,
25 a number that could be supported for a booking?

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1 REMCO AALBERS, November 7, 2006

2 A They would have worked out the Field
3 Development Plan, the cost, and how to develop it
4 and what forecast goes with that to supply that to
5 SDAN, who could on that basis work out what the
6 reserves would be based on the economic model,
7 because again that was being done by SDAN, so they
8 didn't actually propose the final number. They
9 did the hundred percent number basically.

10 Q What you say "the hundred percent
11 number," are you referring now to the slim-down
12 project or the larger --

13 A The hundred percent, without looking at
14 who owns which part, because BP is in the project
15 and Shell is in the project, and you have to work
16 up to them, so the hundred percent volume that we
17 produced from that Mini Field Development Plan for
18 the two fields in the high confidence areas that
19 were left.

20 Q I see, so it's the hundred percent, but

21 it doesn't take into consideration Shell share?

22 A It doesn't take into consideration Shell
23 share or BP share or government share or anything.
24 It's what would be produced through the wells on a
25 hundred percent basis.

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1 REMCO AALBERS, November 7, 2006

2 Q And then Shell share would be figured
3 out by SDAN?

4 A Correct.

5 Q Going back to the meeting in December,
6 do you recall if Rod Sidle had attended the
7 meeting?

8 A Rod Sidle was not at the meeting, to my
9 recollection.

10 Q Do you recall if Mr. Sidle was asked to
11 give any, uh, any of his advice on the potential
12 booking in Angola?

13 A Can you just repeat that question.

14 Q If you --

15 A No, just repeat the question.

16 Q I'll just repeat it.

17 A Yeah, please.

18 Q Do you recall if Mr. Sidle was asked to
19 give any advice on the potential booking in
20 Angola?

21 A I believe in the initial meeting when
22 Anton was in the U.S. for his audit, he was
23 actually with Rod Sidle, and I believe the two of
24 them had the discussion with SDS at the time.

25 Q Did Mr. Barendregt communicate to you

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1 REMCO AALBERS, November 7, 2006
2 what the two of them had discussed?

3 A No, not what the two of them discussed,
4 and I think we covered before, he indicated to SDS
5 what work would be required to sort of support the
6 technical notional maturity.

7 Q At the time of the discussions,
8 including the meeting that took place surrounding
9 Angola, did you feel that SDAN was put under
10 pressure to book the reserves?

11 A Yes, they were clearly put under

12 pressure.

13 Q And why do you say that?

14 A That was clear from the discussions with
15 the Business Advisor, and I believe I actually had
16 an e-mail forwarded at some point which indicated
17 that as well.

18 Q And who did you believe was exerting the
19 pressure?

20 A The pressure was being put on Gordon by
21 his Regional Business Director.

22 Q And who is that?

23 A That's Heinz Rothermund.

24 Q And did you have an understanding of why
25 Mr. Rothermund was exerting the pressure?

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1 REMCO AALBERS, November 7, 2006

2 MR. TUTTLE: Objection to form.

3 THE WITNESS: I understand he was being
4 put under pressure by Mr. Phil Watts.

5 (Exhibit No. 13 was marked for
6 identification and attached to the deposition
7 transcript.)

8 BY MR. HABER:

9 Q For the record, we've just marked as
10 Aalbers Exhibit 13 a two-page document with a
11 couple of e-mails on them. The last e-mail in the
12 series is from Ian Hines to Derek Newberry with a
13 CC to Chandler Wilhelm, and it's dated
14 September 7, 2000. The subject is a forward of
15 reserves regarding Angola and Brazil reserves.
16 The Bates range is SMJ00034872 to SMJ00034873.

17 Mr. Aalbers, have you seen these e-mails
18 before today?

19 A I've seen the latter part at some point.
20 I don't believe I've seen the top. It wasn't
21 addressed to me.

22 Q I see you're referring to the e-mail
23 from Gordon Parry to Robert Inglis where you're
24 cc'd and it's dated September 2000?

25 A Yes.

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2 Q And is this the e-mail you were

3 referring to a moment ago in your testimony?

4 A Yeah, I believe this is one of the
5 e-mails in which it was clear that there was
6 pressure to book reserves.

7 Q Now, you said you had discussed this
8 issue with the RBA. Do you recall the sum and
9 substance of the discussions?

10 A The discussion with Gordon was very much
11 along the lines of what was required to enable
12 booking and what was required to work out the raw
13 numbers and things. He wasn't an expert on
14 reserves bookings, so he needed quite a bit of
15 advice on what was involved.

16 Q I'm referring in particular to
17 discussions with Mr. Parry concerning pressure
18 being exerted to book the reserves.

19 A I don't recall the exact discussions,
20 but it was clear that there was an expectation
21 from senior management that they wanted reserves
22 to be booked. We had spent quite a lot of money
23 in Angola already on exploration appraisal wells,
24 and basically people wanted to see some results
25 from that.

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2 Q Do you recall having any discussions
3 with Mr. Rothermund concerning booking reserves in
4 Angola?

5 A No, I don't believe I ever had a
6 discussion directly with Mr. Rothermund on it.

7 (Exhibit No. 14 was marked for
8 identification and attached to the deposition
9 transcript.)

10 BY MR. HABER:

11 Q For the record, we've marked as Aalbers
12 Exhibit 14 again a series of e-mails. It's two
13 pages. The last of the e-mail string is from
14 Mr. Aalbers to Aidan McKay. It's dated
15 October 30, 2000. The subject line is "Forwarded:
16 Angola -- Reserves LE 3Q00." The Bates number,
17 there's two ranges. The first one is SMJ00033605
18 through SMJ00033606, and the second Bates range is
19 RJW010008000 to RJW01000801.

20 Mr. Aalbers, have you seen these e-mails

21 before today?

22 A Yes, I have.

23 Q And if you notice, the last e-mail is

24 from you to Mr. McKay, and it's a forward of all

25 the other e-mails. Do you recall the reason why

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1 REMCO AALBERS, November 7, 2006

2 you forwarded this to Mr. McKay?

3 A Aidan was my boss at the time, so I

4 wanted to make sure he was aware of the discussion

5 of Angola that was running.

6 Q And did you actually have discussions

7 with Mr. McKay about what was happening in Angola?

8 A Yes, he was aware of those.

9 Q And do you recall the substance of the

10 conversations that you had with him?

11 A Well, this is still the discussion ahead

12 of the meeting where the issue eventually was

13 going to be whether or not we would get to a

14 booking by the end of the year with a supportable,

15 commercially and technically -- technically and

16 commercially mature reserves in Angola.

17 Q Did you discuss any of the pressure that

18 you understood was being exerted to book the

19 reserves with Mr. McKay?

20 A I don't recall the discussion as such,

21 but yes, we would have discussed the pressure that

22 at least was being put on the system, but I also

23 made it very clear to Aidan our position was that

24 it was either going to be technically commercially

25 mature or not, irrespective of the impression that

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1 REMCO AALBERS, November 7, 2006

2 other people might feel within the system.

3 Q What did he say in response?

4 A He fully agreed with that position.

5 Maybe just coming back to the answer

6 before, you asked about a discussion with Mr.

7 Heinz Rothermund. I said I didn't have it. I

8 meant that as verbal discussion. This was an

9 e-mail. There was never actually a discussion. I

10 forwarded this on behalf of Mrs. Sue Lovelock. I

11 never physically discussed it with Heinz, to my
12 recollection.

13 Q And who was Susan Lovelock?

14 A She was the Finance Advisor in EPG.

15 Q EPG is the region under which Angola
16 fell?

17 A Yeah, so Heinz Rothermund was the
18 Regional Business Director for EPG.

19 Q If you look at the e-mail from -- right
20 below yours, from Mr. Rothermund to Mr. Bichsel of
21 which you were cc'd, among others, the second
22 sentence in the e-mail says, "As mentioned to you
23 on earlier occasions, there is a critical need for
24 EP to be in a position to book these reserves in
25 2000." Did you have an understanding as to why
0422

1 REMCO AALBERS, November 7, 2006
2 there was a critical need for EP to be in a
3 position to book reserves in Angola in 2000?

4 MR. TUTTLE: Objection to form.

5 THE WITNESS: It was clear from the
6 tracking of what we were expecting to get booked
7 throughout 2000, that we were not going to meet
8 the aspiration of a hundred percent reserves
9 placed for that year.

10 BY MR. HABER:

11 Q Was this issue something that was
12 discussed by you and your bosses?

13 MR. TUTTLE: Objection to form.

14 THE WITNESS: I don't actually
15 understand it.

16 BY MR. HABER:

17 Q I was going to say let me rephrase that.
18 Withdrawn.

19 Was the issue of the Reserves
20 Replacement Ratio in conjunction with Angola
21 something that you discussed with your bosses?

22 MR. TUTTLE: Objection to form.

23 THE WITNESS: That was one element of
24 the reserves replacement for that year, so
25 reserves replacement in general was something that
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2 was high on the agenda, so Angola would have been
3 part of that discussion.

4 BY MR. HABER:

5 Q You mentioned that Angola, the project
6 was slimmed down, and I believe you said that
7 approximately 70 million barrels were booked; is
8 that correct?

9 A Yeah, that's my recollection.

10 Q Have you ever heard of a creaming
11 project before?

12 A Yes.

13 Q What is a creaming project?

14 A I guess a creaming project is where you
15 look at the best bit only and try and put a
16 development forward for that.

17 Q Is it fair to say that Angola was a
18 creaming project?

19 MR. TUTTLE: Objection to form.

20 THE WITNESS: It depends on how you want
21 to define it. I mean personally I didn't think of
22 it in terms of a creaming project, but basically
23 as what bits of the fields were technically mature
24 and was there a slimmed-down development feasible
25 that could develop those reserves economically.

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1 REMCO AALBERS, November 7, 2006

2 We didn't necessarily use the word "creaming
3 project" at that point.

4 BY MR. HABER:

5 Q Was there a point subsequent where you
6 referred to it as a creaming project?

7 A I've never referred to it as a creaming
8 project. Some people call it a creaming project.
9 I know the definition, but I've never really used
10 it.

11 Q Who do you understand referred to this
12 project as a creaming project?

13 A I can't remember who I heard the term
14 from.

15 Q Did you have any discussions with KPMG
16 concerning the booking of reserves in Angola?

17 A Yes, we did.

18 Q And when did you have those discussions?

19 A Those discussions would have been in
20 January 2001 as part of the 2000 booking process,
21 ARPR cycle.

22 Q And generally do you recall the
23 substance of those discussions?

24 A Yes. Anton wrote basically an audit
25 note on the Angola booking in which he said that
0425

1 REMCO AALBERS, November 7, 2006
2 these reserves were marginally supportable, and we
3 had a discussion on whether or not on a marginal
4 basis it was the right thing to book or not.

5 Q And what was the conclusion?

6 A Well, the end conclusion was that the
7 reserves were booked and ultimately supported.

8 Q Did anyone during that meeting express a
9 contrary view; that is, the reserves should not
10 have been booked?

11 A To my recollection, the discussion was
12 of whether or not, based on an advice that it was
13 marginally supportable, it was the right
14 management decision to actually put the reserves
15 forward, or actually it was -- the other option
16 would have been to say, well, in that case, let's
17 wait a year. That was not the choice that SDAN
18 made. They booked reserves on that basis, and on
19 that basis they went ultimately went into the
20 Shell books supported by the region.

21 Q But with regard to the discussions with
22 KPMG, do you recall anyone during those
23 discussions expressing the contrary view, that the
24 reserves should not have been booked?

25 A Well, like I think I explained
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1 REMCO AALBERS, November 7, 2006
2 yesterday, the process was normally that we would
3 have the discussions first with KPMG, with Egbert
4 Eeftink, and we basically resolved that that --
5 this was the position based on the marginal
6 support of you could obviously support it,
7 although it would have been very much on the
8 borderline, but just on the right side of the
9 borderline, but not far off. And that was

10 ultimately accepted, and that same discussion in
11 some sort of form was at the final meeting, but
12 then there was no further issue raised on it,
13 because it was basically already agreed that that
14 was the position moving forward.

15 Q Was there a view within the meeting that
16 ostensibly your hands were tied, because the
17 decision was made and there was nothing that could
18 be done about it?

19 MR. TUTTLE: Object to form.

20 MR. MORSE: Objection to form. Lack of
21 foundation.

22 (Discussion was held off the record.)

23 BY MR. HABER:

24 Q Was there a view within the meeting that
25 ostensibly your hands were tied, because the

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1 REMCO AALBERS, November 7, 2006
2 decision was made and there was nothing that could
3 be done about it?

4 A My hands were tied?

5 MR. TUTTLE: Same objection.

6 BY MR. HABER:

7 Q Yours as the GRC.

8 A No, I don't think there was discussion
9 that my hands were tied. We had gone out to SDS
10 to look at the technical work. We had challenged
11 it from an original intent by Shell Angola that
12 they were trying to push forward a booking of six
13 fields, and only two fields and only the high
14 confidence areas were booked, so obviously we had
15 the major impact on reducing the booking to a much
16 smaller, fairly insignificant booking in the end.

17 Q During these discussions was there any
18 discussion, at least -- withdrawn. During the
19 discussions with KPMG, was there any discussions
20 about what BP had done with regard to booking
21 reserves in Angola?

22 A I don't recall, but it was clear BP was
23 not booking reserves at that point in time.

24 Q Do you know when BP booked reserves in
25 that block?

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1 REMCO AALBERS, November 7, 2006

2 A I believe they took FID about two years
3 later is my recollection, and I believe that's
4 when they booked the reserves.

5 Q Other than in the context of the meeting
6 with KPMG, do you recall any discussions with
7 people in SDAN concerning what BP was doing
8 vis-a-vis booking reserves?

9 MR. TUTTLE: Object to the form.

10 THE WITNESS: Again as part of the
11 discussions, BP, for whatever reason, weren't in a
12 hurry to come to an FID by year-end or provide
13 sufficient work that had triggered off the whole
14 thing.

15 THE REPORTER: You need to slow down.

16 THE WITNESS: As part of the discussions
17 with SDAN moving to sort of the discussions
18 through year-end, it was clear that BP was not in
19 a hurry to book reserves by year-end or provide
20 sufficient technical work to support a reserves
21 booking, which basically left SDAN in the position
22 that they had to make sure they did that technical
23 work themselves. They had to go to SDS to get the
24 work done, because they obviously weren't staffed
25 to do that work.

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1 REMCO AALBERS, November 7, 2006

2 BY MR. HABER:

3 Q Do you know if the reserves that were
4 booked in the end of 2000 in Angola were
5 recategorized as part of the recategorization that
6 was announced in January of 2004?

7 A Part of the recategorization was that
8 all fields were realigned with the FID, so these
9 would have been realigned.

10 Q Mr. Aalbers, during your tenure as GRC,
11 do you recall any issues being raised with regard
12 to the Kashagan field in Kazakhstan?

13 A I don't know if it were an issue, but
14 there have been discussions on the Kashagan field,
15 yes.

16 Q What was the substance of those
17 discussions?

18 A After discovery of the Kashagan field
19 which was an extremely large oil field discovered
20 in Kazakhstan, there was discussions on whether or
21 not reserves could be booked for that field in the
22 year of the appraisal well, I believe.

23 Q Now, what year was the discovery?

24 A I don't recall. I think it was '99, but
25 I'm not a hundred percent sure.

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2 Q Did you have discussions with anyone at
3 Shell concerning the issue you just identified;
4 that is, whether to book reserves in the year of
5 the appraisal?

6 A Yes, I got approached by the Business
7 Advisor for Kashagan who had been requested to see
8 if reserves could be booked, and he was very
9 concerned about that. We went through all the
10 details and we arranged a meeting with Din Megat,
11 who was the Regional Business Director at that
12 time responsible for the area under which Kashagan
13 fell.

14 Q Who was the RBA?

15 A Mr. Brown.

16 Q I think you identified him as someone
17 yesterday. Do you recall --

18 A No, that was a different Mr. Brown.
19 That was David Brown. I think it was John Brown,
20 but I want to reserve the right that that might
21 not exactly be his first name.

22 Q That's fine. So do you recall having
23 discussions with Mr. Brown in particular on the
24 issue of whether the OU, the Kazakhstan OU could
25 book reserves in the year in which the appraisal

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1 REMCO AALBERS, November 7, 2006
2 was done?

3 A Yes.

4 Q And what was the sum and substance of
5 those discussions?

6 A I explained to Mr. Brown what was
7 required to book reserves, so you had to meet the
8 technical commercial maturity, and from the

9 discussions I had with him, it was very clear that
10 neither of those criteria were likely to be
11 achieved in that year, not at least at the moment.
12 At that point in time nobody had yet thought up a
13 Field Development Plan which looked anywhere near
14 economic.

15 Q In terms of the process, does a Field
16 Development Plan come before or after the drilling
17 of appraisal wells?

18 A The Field Development Plan is actually
19 the plan you make when you want to move forward to
20 develop the fields, and the normal sequence of
21 sort of discovering and developing in a
22 hydrocarbon field is you would initially do
23 seismic, come up with a seismic evaluation of a
24 prospect. You would then drill an exploration
25 well. Depending on the outcome, you might end up

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1 REMCO AALBERS, November 7, 2006
2 drilling one or more appraisal wells until you
3 felt you had sufficient data to actually put a
4 Field Development Plan together, to then move
5 forward into actually taking a decision and
6 developing the fields. And then obviously,
7 through the life of the field you might decide to
8 do additional development if the field turns out
9 to be bigger or whatever.

10 Q So in terms of technical work, the
11 appraisal well is again early in the process of
12 reaching technical maturity?

13 MR. TUTTLE: Objection; form,
14 foundation.

15 THE WITNESS: Yes, it would be, but you
16 could also, as part of the Field Development Plan,
17 get to the conclusion that you have missing data
18 and decide that you need to do an additional
19 appraisal well before you can actually move
20 forward.

21 BY MR. HABER:

22 Q Now, did you have any discussions with
23 Mr. Megat concerning this issue of whether or not
24 reserves could be booked?

25 A Yes, like I said, we lined a meeting up

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1 REMCO AALBERS, November 7, 2006
2 with Mr. Din Megat to explain the exact position
3 on Kashagan.

4 Q And do you recall when the meeting took
5 place?

6 A No, I can't remember the date. Like I
7 said, I think it was in '99, but I honestly don't
8 remember what the date was.

9 Q Do you recall where the meeting was?

10 A The meeting was in The Hague.

11 Q Is that where Mr. Megat was located?

12 A Yes, he was.

13 Q Do you recall Mr. Megat expressing a
14 view about whether the reserves should be booked
15 or not?

16 A At the end of the meeting Mr. Megat
17 agreed that booking reserves that particular year
18 was not going to be achievable.

19 Q Do you recall Mr. Megat expressing the
20 view that he was experiencing pressure to book the
21 reserves?

22 MR. TUTTLE: Objection; foundation.

23 THE WITNESS: I don't believe Mr. Megat
24 expressed that to me directly.

25

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2 BY MR. HABER:

3 Q How about indirectly?

4 A He didn't indirectly indicate it to me
5 either. I'll get you to the next question. It
6 was clear from the discussion with Mr. Brown that
7 there was pressure being exerted to try and book
8 something in Kashagan.

9 Q And why was it clear?

10 A Because that's what he said.

11 Q And who did he say was exerting the
12 pressure?

13 A The indication I got was that Phil Watts
14 was very interested in booking reserves in
15 Kashagan.

16 Q Did Mr. Brown convey any reason why

17 Mr. Watts was exerting the pressure?

18 MR. MORSE: Objection to form.

19 MR. TUTTLE: Same objection.

20 BY MR. HABER:

21 Q You can answer.

22 A Reserves were important. It was trying
23 to get to Reserves Replacement Ratio that was
24 sufficiently close to the targets of a hundred
25 that was what we wanted to have as a group or any

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1 REMCO AALBERS, November 7, 2006
2 oil major would have.

3 Q How large were -- strike that. What was
4 the volume that was being sought for the booking?

5 MR. TUTTLE: Objection to form.

6 MR. MORSE: Objection to form and
7 foundation.

8 THE WITNESS: I can't remember what the
9 number was, but the Kashagan field was very large,
10 and part of the discussion which, when this thing
11 started, wasn't clear to either Din Megat or to
12 Mr. Brown, was what element of the reserves we
13 could actually book, because we had a certain
14 share in the field, but again this was one of
15 those production sharing type contracts where
16 there was other steps to be taken to actually work
17 out what the Shell share was, so part of the whole
18 discussion was how much would you actually
19 eventually end up booking depending on all sorts
20 of things, but I can't remember what the number
21 was. It was a fairly sizable number.

22 BY MR. HABER:

23 Q Do you recall, in terms of number, if it
24 was more than 300 million Boe? I'm just trying to
25 refresh your recollection. That's all.

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2 A I think it would have been more than
3 300, yes.

4 Q You think it would have been more than
5 400?

6 A I don't know what the number was. I
7 think it's more than 300, and I don't know any

8 better at this point.

9 MR. HABER: Okay. Why don't we take a
10 break.

11 THE VIDEOGRAPHER: We are going off the
12 record. The time is 2:34 p.m.

13 (Whereupon, a short recess was taken.)

14 THE VIDEOGRAPHER: We're back on the
15 record. The time is 2:51 p.m.

16 BY MR. HABER:

17 Q Mr. Aalbers, during your tenure at GRC
18 do you recall any issues coming to your attention
19 concerning reserves in Oman?

20 A Yes, we've had discussions on Oman
21 reserves.

22 Q And when were these discussions?

23 A There have been discussions Oman on
24 reserves issues largely through '99 and 2000.

25 Q And who did you have these discussions

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1 REMCO AALBERS, November 7, 2006
2 with?

3 A There were different people involved.
4 The Regional Business Advisor was involved and the
5 Reserves Focal Point in Oman and some of the
6 senior Shell staff in Oman.

7 Q Who was the Reserves Focal Point?

8 A Sayed -- what was the last name? Aubrey
9 or something. Sayed Aubrey, I think.

10 Q I'd like to say I'd like to help you
11 out, but only "Sayed" comes to mind.

12 Who was the RBA at the time?

13 A I believe it's a guy called John
14 Cookson.

15 Q Do you know who Thomas Mason is?

16 A Yes.

17 Q Who is Thomas Mason?

18 A Thomas Mason is one of the senior
19 reservoir engineers in Oman.

20 I also had discussions with a gentleman
21 called Vince Holtam.

22 Q Who was Vince Holtam?

23 A Vince Holtam was -- I'm not sure what
24 his exact position was, but he was one of the

25 senior Shell staff reservoir engineers in Oman,
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2 but he actually left fairly shortly thereafter.

3 Initial discussions when I went for a visit to

4 Oman were with Vince, and the actual visit was

5 with Thomas Mason at the time.

6 Q And you said that you had discussions

7 with these people. Before I get into the

8 specifics with each, generally what do you recall

9 the sum and substance of the discussions?

10 A There were a whole bunch of issues with

11 reserves reporting Oman. Applying the right way

12 of cutting the reserves to end of license; proper

13 deporting of expectation reserves, of scope of

14 recovery reserves; the right way of reporting --

15 reporting the correct proved reserves numbers.

16 There were a whole bunch of issues with Oman in

17 terms of reserves reporting.

18 Q Now, when you say "the right way of

19 cutting the reserves to end of license," what did

20 you mean?

21 A They weren't applying the right sort of

22 forecast for proved developed and then for totally

23 proved and then determining where the license

24 cutoffs were, and that was one of the things that

25 Anton sort of identified in one of his audits, but

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1 REMCO AALBERS, November 7, 2006

2 that was already clear from some of the prior

3 submissions, that they just weren't doing that

4 properly.

5 Q Now, you said that you had discussions

6 with Mr. Holtam and Mr. Mason; later Mr. Mason,

7 first Mr. Holtam. Do you recall the sum and

8 substance of your discussions with Mr. Holtam?

9 A The base problem with reporting reserves

10 in Oman was that PDO is not a Shell Company. It's

11 actually an Omani company. And from that

12 perspective, reporting reserves to Shell in line

13 with Shell guidelines wasn't sort of their top

14 priority where they could actually spend a lot of

15 manpower on it, so the constraint was really

16 getting sufficient attention on the reserves
17 reporting to make sure that they could actually
18 report the numbers that they had to report to the
19 Group in part of the ARPR process.

20 Q And what discussions did you have with
21 Mr. Mason?

22 A Basically we had a similar discussion
23 with Mr. Mason, and what we agreed was that
24 between Vince and Mr. Mason that I would actually
25 come out to Oman for a visit and we would go

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2 through all the issues and try and see how we
3 could best come to practical solutions to sort of
4 upgrade the reserves reporting for Oman and get it
5 more in line with what the Group requirements
6 were, without causing an enormous amount of work
7 that just wasn't going to be done in PDO.

8 Q And why do you say that, that the work
9 wasn't going to be done?

10 A We couldn't impose on PDO certain things
11 to be done, because they were just not on their
12 priority list.

13 Q Was there a difference in the way PDO
14 was reporting reserves from the way Shell wanted
15 reserves to be reported?

16 MR. TUTTLE: Object to the form.

17 THE WITNESS: The problem was that PDO
18 was interested in expectation reserves. That's
19 where the focus for reserves and reporting
20 reserves internally Oman to the government was.
21 Proved reserves really didn't feature for them.
22 They were not that interested in the proved
23 reserves side.

24 BY MR. HABER:

25 Q During your tenure did there come a time

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1 REMCO AALBERS, November 7, 2006
2 when the Omani government did become interested in
3 reporting proved reserves?

4 A No.

5 Q Were there efforts that you were
6 involved in to resolve the differences between the

7 Omani government and the reporting of proved

8 reserves that Shell was required to do?

9 MR. TUTTLE: Objection; foundation.

10 MR. MORSE: Objection; form.

11 THE WITNESS: No.

12 BY MR. HABER:

13 Q Do you recall any -- withdrawn. How
14 frequently did reserves get reported to the Omani
15 government?

16 A I believe reserves were reported
17 annually to the Omani government, but actually
18 updates to the reserves, which required a process
19 of -- I'm not sure what they exactly submitted,
20 whether or not you call it a Field Development
21 Plan or a Reserves Note or something, and
22 generally was less frequent. I seem to recall
23 that at best that would be sort of once in only
24 four years and then only if there actually were
25 changes.

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1 REMCO AALBERS, November 7, 2006

2 MR. TUTTLE: In the cacophony of
3 objections, I don't think Mr. Weed's objection to
4 form made it into the record, so . . .

5 MR. HABER: Perhaps the cacophony on the
6 written report, but a chorus on the video.

7 BY MR. HABER:

8 Q Did the changes to the Shell Guidelines
9 in 1998 have any impact in the way in which PDO
10 reported its reserves to Shell?

11 A Yes, it did. They did move from proved
12 develops to the expectation of develops to be
13 equal, but they didn't really adjust their
14 undeveloped reserves accordingly.

15 Q And in terms of numbers that PDO was
16 reporting, how did that impact, that being the
17 change in the Guidelines?

18 A Sorry?

19 Q Numerically did it increase the reserves
20 that they reported?

21 A No, it didn't.

22 Q Did anyone ever express to you a sense
23 that, with regard to PDO, Shell did not have any

24 control over the reserves data that was coming out
25 of PDO?

0443

1 REMCO AALBERS, November 7, 2006

2 MR. TUTTLE: Objection; foundation,
3 form.

4 THE WITNESS: Shell wasn't in control
5 directly in sort of dealing with the reserves
6 numbers with the government. PDO did that. The
7 discussion we had was that based on those
8 discussions with the government and the reserves
9 that were down expectation, we required the Shell
10 staff PDO to come up with their best estimates of
11 Shell compliant EA SEC compliant reserves that the
12 Group could use for their reporting.

13 BY MR. HABER:

14 Q Again when you say "we," who are you
15 referring to?

16 A The discussions were between myself and
17 Vince Holtam and later with Mr. Thomas Mason.

18 Q With regard to the issues that you've
19 just testified to, did you have discussions with
20 your bosses about them?

21 A Yes.

22 Q And first taking Mr. McKay, do you
23 recall having discussions with him on these
24 issues?

25 A Yes.

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1 REMCO AALBERS, November 7, 2006

2 Q And do you recall the sum and substance
3 of those discussions?

4 A One of the things that I think it was --
5 this is 2000 -- so I think at the start of 2000
6 one of the things that Aidan tasked me with was to
7 see where I could still further improve the
8 reserves reporting process and which companies
9 there were issues with. I had already identified
10 Oman, so he very much encouraged me to sort of try
11 and improve the reserves reporting Oman. I had
12 been trying to improve the process throughout my
13 tenure as Group Reserves Coordinator. We had all
14 sort of problems in Angola, and this was one of

15 the outstanding ones where -- there was just quite
16 a few issues with Oman, and we really wanted to
17 try and get Oman to the next level of complying
18 with reserves reporting.

19 Q And what did you do in that regard,
20 trying to improve the process?

21 A Ultimately there was a visit to Oman
22 where we basically went through all the individual
23 reporting issues that were there and showed some
24 of the work that I had done on looking at
25 converted numbers in their submission, which

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1 REMCO AALBERS, November 7, 2006
2 fields. We went through all those type of
3 elements; and also looked at some of the
4 recommendations that had come out of Anton's audit
5 from the year before, trying to address all the
6 issues that he had given to try and make sure that
7 whenever Anton came back, all these issues would
8 have been addressed and would not be issue
9 anymore.

10 Q And do you recall specific changes that
11 were made as a result of your visit?

12 A The biggest problem in Oman was that
13 because the reserves reporting was very much
14 linked to the expectation numbers that were agreed
15 on certain fields with the government, and they
16 weren't keeping track on the proved so much, in a
17 number of fields they had very low proved, where
18 they just only had sort of suspected production
19 and never actually updated the proved with the
20 incremental knowledge of the field, so quite a few
21 fields had relatively very low proved reserves
22 compared to the expectations that they still
23 carried. So we agreed that they would actually
24 have a look at all those fields and come up with
25 an update on their proved estimates on behalf of

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1 REMCO AALBERS, November 7, 2006
2 PDO for basically the Shell reporting.

3 Q And was this result supported by
4 Mr. McKay?

5 A Yes, it was.

6 Q Were there any other changes that came
7 out of your visit to Oman?

8 A The other issue that we tried to resolve
9 as part of the visit was to try and come up with a
10 proved forecast related to the Oman Business Plan
11 forecast, which was only going to be an
12 expectation forecast, and they basically weren't
13 going to be able to do the work to do proved
14 forecasts for all the individual fields.

15 Q And again was this result supported by
16 Mr. McKay?

17 A Yes, that was supported by Mr. McKay.

18 Q Do you recall having any discussions
19 about the issues that you've just testified to in
20 Oman with Mr. Platenkamp?

21 A No, I don't believe I had any
22 discussions with Mr. Platenkamp. I think actually
23 in that year Mr. Platenkamp left the job, and his
24 position was taken over by Mr. John Bell.

25 Q Do you recall having discussions with
0447

1 REMCO AALBERS, November 7, 2006
2 Mr. Bell about these issues?

3 A No, I don't, but I, I think he would
4 have been copied on certain e-mails that to make
5 sure he was aware of the issues. A discussion, I
6 mean sort of a discussion rather than something on
7 an e-mail.

8 Q Now, do you recall any discussion
9 concerning production in Oman?

10 A Yes, because one of the issues obviously
11 was how would you determine what element of proved
12 reserves was produced within the license expiry
13 Oman. I believe it was 2014. So the production
14 forecast was obviously one of the elements that
15 were required to determine that.

16 Q And did it come to your attention that
17 there were problems in Oman with regard to
18 production?

19 MR. WEED: Objection.

20 MR. TUTTLE: Same objection.

21 THE WITNESS: Can you specify the time
22 frame.

23 BY MR. HABER:

24 Q Again we're talking year-end 2000 or so.

25 A Year-end 2000 there were no indications

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1 REMCO AALBERS, November 7, 2006

2 there was problems with Oman production.

3 Q How about prior to year-end 2000?

4 A No. Prior to year-end 2000 there were

5 also no problems with the production forecast.

6 Q Other than in the year 2000 are you
7 aware of any time frame where there were problems
8 with the production forecast in Oman?

9 A I believe by the end of 2001 there were
10 minor indications that they had trouble keeping to
11 that plateau level. Certainly during 2002 Oman
12 were having problems to meet their targets, and I
13 believe even today they're having trouble with
14 their targets.

15 Q Do you know if -- withdrawn. A moment
16 ago we mentioned license, the end of a license
17 period. Was there an issue with regard to license
18 expiry in Oman?

19 A I believe I just said that their license
20 ran I believe to 2014.

21 Q I guess what I'm -- I'm sorry. It was
22 my error, not being clear. Were there concerns
23 about renewal of the license in Oman?

24 A It was, it was certainly clear that
25 there was no automatic renewal in Oman.

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1 REMCO AALBERS, November 7, 2006

2 Q Do you know what efforts were undertaken
3 to get the extension of the license?

4 A In the time frame we're talking, which
5 is in 2000, the license was too far away to sort
6 of, well, basically negotiate extension. It was
7 still 14 years away.

8 Q Did there come a time after 2000 that
9 you are aware of where efforts were made to
10 negotiate an extension of the license?

11 A No. To my knowledge, that hasn't
12 happened yet, but I haven't kept track of what's
13 happened lately.

14 Q And do you know, as a result of the work
15 in Project Rockford, if any reserves were
16 recategorized?

17 A Yes, there were.

18 Q And again I'm talking about Oman.

19 A Yes.

20 (Discussion was held off the record.)

21 BY MR. HABER:

22 Q Do you recall how many barrels were
23 recategorized?

24 A No, I don't.

25 Q If I throw out a number to try to

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1 REMCO AALBERS, November 7, 2006

2 refresh your recollection, more than 300 million

3 Boe?

4 A I honestly don't know what the number
5 is.

6 Q Now, with regard to the issues that we
7 just discussed in Oman, do you know if these
8 issues were presented to the ExCom?

9 MR. TUTTLE: Objection to form.

10 THE WITNESS: The issues arose after I
11 left SGIC, so I don't know to what level they were
12 elevated at the time, but I would assume they had
13 contacts.

14 (Exhibit No. 15 was marked for
15 identification and attached to the deposition
16 transcript.)

17 BY MR. HABER:

18 Q For the record, we've marked as Aalbers
19 Exhibit 15 an e-mail with an attachment. The
20 e-mail is from Aidan McKay to Roelof Platenkamp,
21 and the subject line reads, "Forward:
22 Roelof_Career_Ender.ppt," which I believe is Power
23 Point, "26 June 2000 ExCom presentation -- State
24 of the Portfolio." The attachment appears to be
25 the slide presentation that's referred here. The

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1 REMCO AALBERS, November 7, 2006

2 Bates range is V00120307 through V00120369. There
3 is also another Bates range, and that is DB07471
4 through DB07533.

5 Mr. Aalbers, other than the e-mail, have

6 you seen the slide presentation that is attached

7 to the e-mail?

8 A Yes, I have.

9 Q Though your name does not appear on the

10 e-mail, have you seen this e-mail before?

11 A I mean I've certainly seen the

12 presentation. I don't know if I've seen this

13 e-mail. I think at some point Aidan forwarded the

14 same presentation to me. Whether or not the

15 e-mail was there as part of that, I cannot

16 remember.

17 Q Are you aware that this presentation was

18 referred to as "The Career Ender"?

19 A Yes, I was.

20 Q And what is your understanding of the

21 reason why it was called "The Career Ender"?

22 A Basically because as part of the

23 recategorization process, Roelof was very unhappy.

24 Actually we were all very unhappy because of some

25 of the promises that were made as part of the

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1 REMCO AALBERS, November 7, 2006

2 business planning process. This presentation was

3 meant to show that to ExCom and basically try and

4 say we need you to shake up the company and get

5 people to come out with realistic promises, and

6 that was felt to be a brave step to take to put

7 that into ExCom, which is why this was internally

8 something that was referred to as "Roelof's Career

9 Ender," and Aidan saved it as such and later

10 forwarded it to me from that basis. I believe

11 Roelof wanted the presentation back because he

12 didn't have a copy at that point.

13 Q Now, did you prepare this slide

14 presentation?

15 A No. Aidan prepared that, but a number

16 of the people within the Capital Allocation Team

17 provided input. I believe there are a couple of

18 slides or at least one or two on reserves which I

19 did prepare; for instance, the one on exploration

20 discoveries, which is on Page 120318. I don't

21 know if there were any other reserves slides in

22 here. I might have held out with getting a couple
23 of the other slides put together, but I don't
24 recall. That was more from an editing perspective
25 than actually providing the data.

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1 REMCO AALBERS, November 7, 2006

2 Q Do you know who made the presentation to
3 the ExCom?

4 A Roelof did, Platenkamp.

5 Q When he, after -- withdrawn. After the
6 meeting, did Mr. Platenkamp come back and discuss
7 what had transpired at the meeting?

8 A I believe he discussed it with Aidan.
9 We didn't go for the option -- well, ExCom didn't
10 go for the option that originally was suggested.
11 I can't remember if I've seen it here, but the
12 intent was to send everybody back and ask them to
13 update their data, but we actually went ahead and
14 went forward based on the data that was already
15 submitted.

16 Q As a general matter, did Mr. Platenkamp
17 say that the message that was intended, to make
18 realistic promises, was not well received by the
19 ExCom?

20 MR. TUTTLE: Objection; foundation.

21 THE WITNESS: I don't recall how his
22 feedback was actually portrayed. My recollection
23 is that it certainly got ExCom's attention, but
24 they didn't feel that we could afford the time to
25 stop the process, because it was then in danger of

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1 REMCO AALBERS, November 7, 2006

2 sort of not getting a Business Plan together in
3 time.

4 BY MR. HABER:

5 Q Do you know if there were any
6 consequences that were attached to the
7 presentation that Mr. Platenkamp had made?

8 MR. TUTTLE: Objection to form.

9 BY MR. HABER:

10 Q That is, with regard to his career?

11 MR. TUTTLE: Same objection.

12 THE WITNESS: Not to my knowledge.

13 BY MR. HABER:

14 Q Mr. Aalbers, we've been talking a little
15 bit about, throughout yesterday and today, Project
16 Rockford. Did you have any role in Project
17 Rockford?

18 A When the problems around Project
19 Rockford arose, I was asked for a meeting in
20 Rijswijk to explain sort of what had happened
21 basically through my part as Group Reserves
22 Coordinator. Later on, after it was made public
23 to the, by the Group that there was an issue with
24 reserves and we went through the restating
25 process, I was asked to come back and help out
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1 REMCO AALBERS, November 7, 2006
2 with the restatement, because I was one of the few
3 people that actually had sufficient knowledge and
4 could help out, trying to get through the enormous
5 amount of work that needed to be done.

6 Q When were you asked to help out on
7 Project Rockford?

8 A That has been in the early part of 2004,
9 so after the press release. I believe the press
10 release was in January, and the restatement
11 process went out through the large part of 2004.

12 Q Now, I think in the early part of your
13 answer you indicated that you were asked to attend
14 a meeting in Rijswijk. Did that occur before the
15 announcement in January?

16 A Yes, that was end of 2003 or very early
17 in 2004. Well, around year-end 2003.

18 Q And who asked you to attend that
19 meeting?

20 A I believe that was John Bell.

21 Q Did Mr. Bell tell you who else was
22 invited to that meeting before you actually got
23 there?

24 A I don't recall.

25 Q Do you recall who attended this meeting?
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1 REMCO AALBERS, November 7, 2006

2 A I believe it was Frank Coopman, and who
3 else was there? I don't believe John was at the

4 meeting itself. Frank was there, and there was
5 one other person. It's just slipped me for the
6 moment. Let me think about it.

7 Q Do you know if it was John Darley?

8 A I think it was John, yeah.

9 Q Do you recall the sum and substance of
10 what was discussed during the meeting?

11 A I think we went over a number of the
12 reserves bookings and history on some of the
13 things that we've been covering today as well.

14 Q Were you given any materials to review
15 in preparation for the meeting?

16 A No, I don't think I did.

17 Q After the meeting were you given any
18 materials to review?

19 A No, I don't think I had any materials
20 afterwards either. I think we went through some
21 of these ExCom notes that we've had on the table
22 today.

23 Q What was the reason why you went through
24 some of the ExCom notes?

25 A I think that at the time they were

0457

1 REMCO AALBERS, November 7, 2006
2 trying to determine what the history of some of
3 the reserves bookings were and what issues were
4 out there, I guess.

5 Q Do you recall anything else about the
6 meeting, what was discussed?

7 A As far as I recall, the discussion was
8 whether or not that was an issue that the Group
9 needed to be dealing with and what the consequence
10 of that could be.

11 Q When you say "whether or not that was an
12 issue that the Group needed to be dealing with,"
13 what issue were you referring to?

14 A To make a correction to some of the
15 reserves bookings.

16 Q So at the time you were at the meeting
17 you were advised that that was an issue that the
18 Group was considering?

19 A Yes.

20 Q At the time of the meeting had they told

21 you that a decision was made with regard to
22 whether the Group was going to make the
23 recategorization?

24 A I believe the decision hadn't been made
25 at that point.

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1 REMCO AALBERS, November 7, 2006

2 Q Do you recall if Mr. Van de Vijver
3 attended this meeting at all?

4 A He wasn't there.

5 Q Do you recall if Mr. Watts attended this
6 meeting at all?

7 A He wasn't there.

8 Q Do you recall how long the meeting
9 lasted?

10 A I believe a couple of hours, but I don't
11 know exactly.

12 Q Now, I think the other -- earlier in
13 your testimony about Project Rockford you said
14 that you subsequently were asked to be involved in
15 the process. What did you do in that regard?

16 A Basically I helped out with all the
17 Operating Unit resubmissions, getting those into
18 the systems, checking that the data was correct,
19 like I had done when I was the Group Reserves
20 Coordinator; chasing clarifications, chasing OUs
21 where things that they sent in didn't seem right
22 and trying to get to the right answer, all those
23 type of things.

24 Q Was there anything else that you can
25 think of that you were asked to help out on?

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1 REMCO AALBERS, November 7, 2006

2 A Well, I specifically spent a lot of time
3 dealing with standardized measure, because that
4 was something where very few people had any
5 knowledge on. Those type of things.

6 Q Do you know if there were any meetings
7 with the SEC after the announcement? And the
8 announcement, I mean the January 9th announcement.

9 A No, I don't know if there were
10 immediately thereafter. There were meetings with
11 SEC.

12 Q Did you participate in any meetings with
13 the SEC in connection with Project Rockford?

14 A I didn't participate as part of Project
15 Rockford. I was interviewed by the SEC at a later
16 stage as part of the investigation of the Group.

17 Q My question was directed, though, not in
18 terms of the investigation, but in terms of the
19 work on Project Rockford.

20 A No.

21 Q Okay. Were you surprised by the
22 recategorization announcement?

23 MR. TUTTLE: Object to the form.

24 BY MR. HABER:

25 Q I'll rephrase. What was your reaction

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1 REMCO AALBERS, November 7, 2006
2 to the recategorization announcement?

3 A Shocked.

4 Q And why is that?

5 A Well, I mean I've always been proud of
6 working for Shell, and getting Shell in such a
7 negative light in the press wasn't something that
8 any of us at Shell liked.

9 MR. HABER: I am told we have five
10 minutes left on the tape, so this is probably a
11 good time for me to check and see where we are.
12 If we could take like five minutes. I'll have a
13 good handle on where we are.

14 THE VIDEOGRAPHER: This marks the end of
15 Tape 2, Volume II, in the deposition of
16 Mr. Aalbers. We are going off the record. The
17 time is 3:27 p.m.

18 (Whereupon, a short recess was taken.)

19 THE VIDEOGRAPHER: This marks the
20 beginning of Tape 3, Volume II, in the deposition
21 of Mr. Aalbers. We are back on the record. The
22 time is 3:33 p.m.

23 BY MR. HABER:

24 Q Mr. Aalbers, have you ever heard of a
25 project by the name of project HUGIS?

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2 A Project?

3 Q HUGIS.

4 A No.

5 MR. HABER: I have nothing further,
6 although I understand other people may be wanting
7 to ask other questions, so subject to that
8 reservation. I got nothing further.

9 THE WITNESS: Thank you very much.

10 MR. HABER: Thank you very much,
11 Mr. Aalbers.

12 CROSS-EXAMINATION

13 BY MR. DAVIS:

14 Q Mr. Aalbers, my name is Sid Davis. My
15 firm represents KPMG, N.V. in this action.
16 Hopefully I have only a few questions, and we
17 should be out of here in five or ten minutes.

18 MR. DAVIS: I'm going to -- if it's
19 acceptable, I'm going to ask that a document be
20 marked Aalbers Exhibit 16, or do you all have some
21 different protocol?

22 MR. HABER: No, that's fine.

23 (Exhibit No. 16 was marked for
24 identification and attached to the deposition
25 transcript.)

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1 REMCO AALBERS, November 7, 2006

2 BY MR. DAVIS:

3 Q While the copies are being handed out
4 I'll describe the document. It's Bates number
5 KNV0006685 through 6687. It's dated September 11,
6 1998. It's addressed to Mr. Van Dorp and is
7 purportedly written by Egbert Eeftink.

8 Mr. Aalbers, I'll give you a second to
9 read it, but my question to you is -- yesterday
10 you spoke about a letter from KPMG, N.V. that -- I
11 think your words were "formally responded to" the
12 review of the revisions to the Reserve Guidelines
13 for 1998, so my question is: Is Exhibit 16 the
14 response that you had in mind?

15 A Yes, it is.

16 Q Okay. The response purports to document
17 a meeting. If you look at the last sentence of
18 the first paragraph on Page 1.

19 A Yes.

20 Q Were you at a meeting in which Mr. Van
21 Dorp and Mr. Eeftink were present and discussed
22 the subjects that are taken up in this letter?

23 A No, I was not.

24 Q Okay. Were you made aware at some point
25 that such a meeting had happened and a letter had
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1 REMCO AALBERS, November 7, 2006
2 been written?

3 A I was aware that the meeting had
4 happened, and I had seen the letter, dealt with
5 the letter before.

6 Q If you'll turn to the second page,
7 around a third of the way down there Eeftink
8 purports to describe observations that he had made
9 at the meeting. Do you see that? It starts,
10 "With regard to the proposed updated and improved
11 approach to reserves estimates, I have made the
12 following observations."

13 A Yeah, I've got that.

14 Q Did you understand by the first bullet
15 relating to the External Auditors not being in a
16 position to approve or disapprove, that
17 Mr. Eeftink was saying that neither KPMG nor PwC
18 were in a position to approve or disapprove the
19 Guidelines as SEC-compliant?

20 A I see the statement.

21 Q Okay. In the next sentence there's a
22 reference to if approval by the auditors is
23 needed, "this would probably be within the remit
24 of the Group Reserves Auditor." Did you
25 understand Mr. Eeftink to be referring to
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1 REMCO AALBERS, November 7, 2006
2 Mr. Barendregt or his predecessor?

3 A That's what it says, yes.

4 Q Do you know if, in fact, the 1998
5 Reserves Revised Guidelines were provided to
6 either Mr. Barendregt or his predecessor for
7 review before they were finalized and distributed?

8 A They were certainly not provided to his
9 predecessor, because he had retired. This would
10 have been the time Anton had just come in. I

11 don't believe he was formally asked for an
12 approval of the Guidelines.

13 Q Okay. Hopefully I only have a couple
14 more questions.

15 You gave some testimony yesterday
16 regarding the employment and compensation of
17 Mr. Barendregt as the Group Reserves Auditor. Do
18 you recall talking about that?

19 A Yes, as far as of my understanding of
20 what that was, correct.

21 Q Would you agree that in the period 1998
22 through 2001 or '2, whenever you were in the Group
23 Reserves Coordinator position, that there were
24 other people at Shell and others at KPMG who had a
25 superior knowledge of Mr. Barendregt's employment?

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1 REMCO AALBERS, November 7, 2006

2 MR. HABER: Objection to form.

3 You can answer.

4 THE WITNESS: The contacts handling --
5 it was not done by me but by others.

6 MR. DAVIS: Okay. I have no further
7 questions.

8 MR. HABER: I have nothing further.
9 Thank you again, Mr. Aalbers. We very much
10 appreciate you coming over here to answer these
11 two days of questions.

12 THE VIDEOGRAPHER: This marks the end of
13 the deposition of Mr. Aalbers. The total number
14 of tapes used today is three. We are going off
15 the record. The time is 3:40 p.m.

16 (Signature having not been waived, the
17 videotaped deposition of REMCO AALBERS was
18 concluded at 3:40 p.m.)

19

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1 REMCO AALBERS, November 7, 2006

2
3 ACKNOWLEDGEMENT OF WITNESS
4

5 I, REMCO AALBERS, do hereby acknowledge
6 that I have read and examined the foregoing
7 testimony, and the same is a true, correct and
8 complete transcription of the testimony given by
9 me, and any corrections appear on the attached
10 Errata sheet signed by me.
11

12
13 _____
14 (DATE) (SIGNATURE)
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1 REMCO AALBERS, November 7, 2006

2 E R R A T A S H E E T

3 IN RE: ROYAL DUTCH/SHELL SECURITIES LITIGATION

4 RETURN BY:

5 PAGE LINE CORRECTION AND REASON

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1 REMCO AALBERS, November 7, 2006
2 E R R A T A S H E E T
3 IN RE: ROYAL DUTCH/SHELL SECURITIES LITIGATION

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2
3
4 CERTIFICATE OF SHORTHAND REPORTER -- NOTARY PUBLIC
5 I, Laurie Bangart-Smith, Registered
Professional Reporter, the officer before whom the
6 foregoing deposition was taken, do hereby certify
that the foregoing transcript is a true and
7 correct record of the testimony given; that said

testimony was taken by me stenographically and

8 thereafter reduced to typewriting under my
supervision; and that I am neither counsel for,
9 related to, nor employed by any of the parties to
this case and have no interest, financial or
10 otherwise, in its outcome.

11 IN WITNESS WHEREOF, I have hereunto set
my hand and affixed my notarial seal this 8th
12 day of November, 2006.

13
14
15 My commission expires: March 14th, 2011

16
17
18 _____

19 LAURIE BANGART-SMITH
NOTARY PUBLIC IN AND FOR
20 THE DISTRICT OF COLUMBIA

21
22
23
24
25

0001

1 IN THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY
2 Civ. No. 04-3749 (JAP)
Hon. Joel A. Pisano
3

4 _____)
IN RE ROYAL DUTCH/SHELL)
5 TRANSPORT SECURITIES)
LITIGATION)
6 _____)
7

8 VIDEOTAPED DEPOSITION UPON
ORAL EXAMINATION
OF
9 REMCO AALBERS

10 Taken on:
11 Monday, 19 February, 2007
Commencing at 9:37 a.m.

12 Taken at:

13 The Hague Zurich Tower
14 Muzenstraat 89
2511 WB The Hague
15 The Netherlands
16
17
18
19
20
21

22 REPORTED BY: FREDERICK WEISS, CSR, CM

0002

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the Class:

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0003
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10

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12

ALASTAIR HUNTER, KPMG ACCOUNTANTS, N.V.

13

STEVEN J. PEITLER, INVESTIGATOR

14 BERNSTEIN, LIEBHARD & LIFSHITZ, LLP

15 Deponent: Remco Aalbers

16 The Videographer: Richard Bly

17 Court Reporter: Frederick Weiss

18

19

20

21

22

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1 I N D E X

2 DEPONENT

3 REMCO AALBERS

4 Examination	Page No:
5 Examination by Mr. Goldstein	8
Examination by Mr. Haber	17

6

7

8 EXHIBIT INDEX

9 EXHIBIT Page No:

10 Aalbers Exhibit A - 14

Three-page Copy of E-mail string from Remco

11 Aalbers to John Bell, Pauline Eward to

John Bell and Lorin Brass in January 2001

12

Aalbers Exhibit B - 17

13 Two-page copy of E-mail string from Remco

Aalbers to Johannes Van Poppel, Bea Jespers,

14 Aidan McKay regarding Proved Reserves

15 Aalbers Exhibit C - 24

Five-page copy of E-mails from Remco Aalbers

16 To Andrew Dueck and Anton Barendregt

Regarding Proved Reserves, and E-mail from

17 Thomas Meijssen dated October 24, 2000

18 Aalbers Exhibit D - 33

Three-page copy of E-mail string from Thomas

19 Meijssen to Anton Barendregt regarding Proved

Reserves bearing Bates Nos. RJW00151703 -

20 RJW001151705

21

22

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1 I N D E X - continued

2 EXHIBIT INDEX - continued

3 EXHIBIT Page No:

4

Aalbers Exhibit E - 34

5 Four-page copy of E-mail string from Anton

Barendregt to Thomas Meijssen and Remco Aalbers

6 Bearing Bates Nos. OM00205 - OM00208

7 Aalbers Exhibit F - 39

Two-page copy of E-mail string from Remco

8 Aalbers to Thomas Meijssen and Said Abri

Regarding Reserves issued dates January 2,

9 2001

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1 PROCEEDINGS --

2 THE VIDEOGRAPHER: This is the video

3 operator speaking, Richard Bley, for LegalLink

4 Action Video, which is located at 420 Lexington

5 Avenue, New York, New York.

6 Today's date is February 19th,

7 2007. The time on the record is 9:37 a.m.

8 We are in a conference room in The

9 Hague, the Netherlands, to take the videotape
10 deposition of Remco Aalbers.

11 In the matter of In re: Royal
12 Dutch/Shell Transport Securities Litigation in the
13 United States District Court for the District of
14 New Jersey, Civil Action Number 04-3749 (JAP)
15 consolidated cases before Honorable Joel A.
16 Pisano.

17 Would counsel please introduce
18 themselves?

19 MR. HABER: Jeffrey Haber,
20 Bernstein, Liebhard & Lifshitz on behalf of the
21 lead plaintiff, Peter M. Wood and the class.

22 MS. COHEN: Rebecca Cohen,

0007

1 Bernstein, Liebhard & Lifshitz on behalf of the
2 lead Plaintiff, Peter M. Wood and the class.

3 MR. ADLER: Derek Adler, Hughes,
4 Hubbard & Reed, on behalf of
5 PricewaterhouseCoopers, the U.K. firm.

6 MR. CORSON: Nicholas Corson with
7 Hogan & Hartson, on behalf of KPMG accountants,
8 N.V. And I am accompanied today by Leen Groen and
9 Alastair Hunter, both with KPMG.

10 MS. WICKHEM: Rebecca Wickhem with
11 Foley & Lardner, LLP on behalf of Judith Boynton.

12 MR. GOLDSTEIN: Joseph Goldstein
13 with Mayer, Brown, Rowe & Maw, on behalf of Sir
14 Philip Watts.

15 MR. MORSE: Adriaen Morse with Mayer
16 Brown for Sir Philip Watts.

17 MR. WARE: David Ware, Debevoise &
18 Plimpton, LLP, on behalf of Royal Dutch/Shell
19 Transport, and witness Remco Aalbers.

20 MR. WEED: Earl Weed, in-house for
21 Shell.

22 MR. TUTTLE: Jonathan Tuttle,

0008

1 Debevoise & Plimpton, on behalf of the Shell
2 Defendants and the witness here today.

3 THE VIDEOGRAPHER: Mr. Aalbers?

4 THE WITNESS: He said the lawyers
5 only, so I am waiting for him.

6 THE VIDEOGRAPHER: I am sorry. Do
7 you want him to identify himself? Or are we going
8 to have him swear the witness? I am sure that --

9 MR. TUTTLE: Yes.

10 MR. HABER: Swear the witness.

11 MR. TUTTLE: Swear the witness,

12 because we closed the record at the last one.

13 MR. HABER: Yes.

14 REMCO AALBERS,

15 Called as a Witness, after being duly sworn,

16 testified as follows:

17 EXAMINATION BY MR. GOLDSTEIN

18 Q. Mr. Aalbers, again, my name is Joe

19 Goldstein. I represent Phil Watts. And I want to
20 thank you for coming and being deposed today.

21 I am going to ask you a few

22 questions. If you don't understand my questions,

0009

1 then please tell me so I will rephrase. And I
2 want to make sure that you do understand the
3 questions that you are being asked.

4 I have only a few questions. And

5 they concern the testimony that Walter van de
6 Vijver gave on February the 2nd, 2007 about a
7 conversation that he said that he had with Lorin
8 Brass sometime in the second half of 2004 after
9 Mr. Van de Vijver left Shell during the visit by
10 all The Hague EP ExCom members.

11 I am going to read the transcript

12 section to you. It's page 517, line 18 to page
13 518 line 5.

14 (Reading)

15 Question, and what did Mr. Brass

16 and you talk about? Answer, Brass -- through the
17 chatter -- through the sort of chatter we were
18 having at that time, which you can imagine was
19 quite an emotional get-together with lots of beer,
20 and Brass mentioned to me a reference to a
21 handshake.

22 Question, what did he say about a

0010

1 handshake? Answer, it was a handshake from Phil

2 Watts to Remco Aalbers.

3 Question, what was the significance

4 of the handshake? Answer, that related to the
5 booking on Oman in early 2000.

6 Mr. Aalbers, did you have any
7 agreement, whether a handshake agreement,
8 handshake deal, or other form of agreement, with
9 Mr. Watts regarding the booking of reserves in
10 Oman in early 2000 or any other time?

11 A. No, I didn't.

12 Q. Did you ever enter into an
13 agreement with Mr. Watts regarding the booking of
14 reserves by any Shell operating unit?

15 A. No, I didn't.

16 Q. Did you ever tell anyone that you
17 had an agreement, whether a handshake agreement,
18 handshake deal, or other form of agreement with
19 Mr. Watts, regarding the booking of reserves in
20 Oman in early 2000 or any other time?

21 A. No.

22 Q. Thank you.

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1 EXAMINATION BY MR. HABER

2 Q. I'd like to ask you some questions,
3 Mr. Aalbers. My name is Jeffery Haber, again.

4 If you may recall, I asked you a
5 series of questions over a two-day period
6 previously?

7 A. I do recall.

8 Q. I hope it wasn't as painful as
9 other people may have thought.

10 MR. TUTTLE: It's in the eye of the
11 beholder.

12 THE WITNESS: I am afraid to
13 comment.

14 (Laughter in the room)

15 Is that the legal term?

16 BY MR. HABER:

17 Q. Enough said. But anyway, we
18 appreciate you coming back here today.

19 Have you discussed your testimony
20 with anyone today, other than Mr. Tuttle?

21 A. No.

22 Q. Did you discuss your testimony with

0012

1 any lawyer from Mayer Brown?

2 A. From who?

3 Q. Mayer, Brown, Rowe & Maw, anyone
4 from Mr. Goldstein's firm?

5 A. No.

6 Q. Were you provided a copy of the
7 questions that Mr. Goldstein just asked you today?

8 A. No.

9 Q. I want to ask you a question with
10 regard to your communication with Mr. Watts.
11 During the ARPR for 2000, which gets reported in
12 2001, did you have any communications with Mr.
13 Watts?

14 A. No, not that I recall.

15 Q. Did you have any E-mail
16 correspondence with Mr. Watts concerning the ARPR?

17 A. Not directly. But it's possible
18 that he was copied on an E-mail, but I can't
19 remember off the top of my head. But certainly
20 the reserves were reported to the ExCom. So he
21 would have received that.

22 Q. And when you say the reserves

0013

1 reported to the ExCom, was that through a note for
2 information or a discussion?

3 A. Yes. So that's when the reserves
4 actually headed up, basically in January of 2001.

5 And during the year, we reported
6 latest estimates, which were reported to the ExCom
7 as well.

8 Q. And how were the latest estimates
9 reported to the ExCom? Through a note?

10 A. If I recall, they were part of
11 the -- I think it was the monthly latest
12 estimates. And it got added in in that total
13 package where all the other numbers were in there
14 as well, all the other financial numbers.

15 Q. Now, did you ever have any
16 face-to-face meetings with Mr. Watts during the
17 ARPR process?

18 A. Of which specific year?

19 Q. Again, I am talking about the 2000,

20 which gets reported in January of 2001?

21 A. No. I mean -- no.

22 Q. Do you recall participating in a

0014

1 video conference or a picture teleconference with

2 Mr. Watts?

3 A. Yes. I think that was the year

4 before, but I am not 100% sure.

5 (Whereupon, Aalbers Exhibit A was

6 marked for identification.)

7 (Handing to the Witness)

8 Q. For the record, while the witness

9 is looking at the document, we have just marked as

10 Aalbers Exhibit A, it's a series of E-mails, the

11 last of which is from Mr. Aalbers to a John Bell.

12 It's dated January 26, 2001.

13 This document was produced from a

14 native hard drive that was produced to us from

15 Shell, and therefore there is no Bates number.

16 And unfortunately there is no

17 summation document number either.

18 (Pause)

19 Mr. Aalbers, does Exhibit A refresh

20 your recollection of participating in a picture

21 teleconference?

22 A. No. I mean, I remember the picture

0015

1 telephone. Like I said, I wasn't sure it was 2000

2 or 2001. This seems to suggest it was 2001.

3 Q. Who else participated in this

4 picture teleconference?

5 A. To my recollection, Dominique

6 Gardy.

7 Q. If I am correct then, it would be

8 you, Mr. Gardy and Mr. Watts?

9 A. Yes. Dominique Gardy and myself

10 were in the Hague, and I think Mr. Watts was in

11 London or somewhere near. It was on the other

12 side of the PC.

13 Q. Prior to this picture

14 teleconference, did you have any meetings or

15 communications with Mr. Watts concerning the ARPR?

16 A. The reserves note was submitted. I

17 don't recall that there were any other
18 communications other than that the data was
19 submitted as such.

20 Q. So were the reserves submitted
21 after this teleconference or before?

22 A. I think the numbers were submitted
0016

1 before, because otherwise there weren't any
2 numbers to talk about.

3 (Videographer adjusts microphones)

4 Q. Do you recall if the reserves, the
5 Proved Reserves were finalized in February of
6 2001?

7 A. Yes. They would have been.

8 Q. So when you just testified that the
9 numbers were submitted, were those numbers the
10 final numbers?

11 I am just trying to understand what
12 numbers you are referring to now.

13 A. Let me think about this one.
14 Normally the preliminary numbers were normally
15 reported to the ExCom, and they were finalized
16 just prior to the actual press release. And they
17 were normally finalized just before that in the
18 reserves meeting.

19 I would have to -- 26, I can't
20 remember what the exact date was. It was normally
21 like the third Tuesday or something.

22 I think it probably would have been
0017

1 the preliminary numbers, and then they would have
2 had to have been signed off to be finalized.

3 MR. HABER: Just mark as Exhibit B.

4 (Whereupon, Aalbers Exhibit No. B
5 was marked for identification)

6 Q. For the record, Mr. Aalbers, this
7 document which is marked as Aalbers Exhibit B,
8 it's two E-mails, the last of which is from Mr.
9 Aalbers to a Johannes van Poppel with a CC to Bea
10 Jespers and Aidan McKay. It's dated February 5,
11 2001.

12 The subject line reads: "ARPR
13 1/1/2001 - Proved Reserves finalised."

14 (Pause)

15 Now, Mr. Aalbers, does Exhibit B

16 refresh your recollection as to when the numbers
17 were finalized.

18 MR. TUTTLE: Objection to form.

19 BY MR. HABER:

20 Q. You can answer.

21 A. Like I said, these were finalized

22 early February prior to the submission of the

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1 proved reserves and the quarterly -- well, the
2 fourth quarter results in the full year 2000, and
3 in February.

4 Q. And in this document here, it's
5 reflected as February 2, if you look at the bottom
6 E-mail from you to a number of people?

7 A. Yes. Like I said, that was when we
8 had the review with the auditors, so that's when
9 it got closed out.

10 Q. Now, if you turn the page --

11 A. Yes.

12 Q. -- to page two, the paragraph that
13 begins "Prior to the external audit clearance"?

14 A. Yes.

15 Q. "The Proved Reserves were reviewed
16 directly with Phil Watts as EP CEO?"

17 A. Yes. So that was the
18 teleconference.

19 Q. Now, do you recall what was
20 discussed during that teleconference?

21 A. No, I don't. It was a fairly brief
22 session. Like it's suggested here, I mean, the

0019

1 reserves that year were pretty good and Phil was
2 happy with the end results.

3 I don't recall what specifics we
4 discussed. Basically Phil agreed that he was
5 happy with the numbers and was going to sign them.

6 But other than that, I don't recall
7 much.

8 Q. Do you recall Oman being discussed
9 during that picture teleconference?

10 A. No, I don't -- don't recall it was

11 specifically discussed. It probably would have
12 come up, because it was a significant booking.
13 But I don't recall what was discussed on it.

14 Q. Why was it a significant booking?

15 A. Well, it was one of the areas where
16 we had an increased booking, which helped
17 basically get the result we had in that year.

18 Q. What was your involvement in that
19 booking?

20 A. Well, I think we covered that in
21 the prior testimony. As part of the review the
22 year before, where there was some issues with

0020

1 Oman, I went to Oman.

2 And we looked at ways for Oman to
3 report their reserves better, because Proved
4 Reserves had typically been not been a focus in
5 Oman, because they were very much focused on
6 expectation reserves with the government.

7 So we got them involved in having
8 them look at their Proved Reserves, and bring
9 those in line with sort of actual field production
10 data. And basically those got reported.

11 And also find out a way to come up
12 with proved forecasts, which they typically didn't
13 have because they just focused on expectation, and
14 come up with a proper cut-off between with in and
15 with outside licenses.

16 Q. Now, in connection with your role
17 in the booking of these reserves, did you have an
18 understanding that Mr. Watts was looking for
19 reserves additions in Oman?

20 MR. TUTTLE: Object to form.
21 Foundation.

22 BY MR. HABER:

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1 Q. You can answer.

2 A. No, he wasn't. Basically, I mean,
3 we had a target of getting to 100% reserves
4 replacement ratio. That was a sort of what an oil
5 company is looking for.

6 And as part of the review and
7 discussion with Aidan McKay, we looked at Oman and