

## **Part 2**

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11:30:28 2 understanding of his concern.

11:30:31 3 Q I'm curious. Do you think -- do you  
11:30:34 4 think "pressure" means the same thing as  
11:30:37 5 "attention"?

11:30:39 6 MR. CLARK: Objection; asked and  
11:30:39 7 answered.

11:30:50 8 THE WITNESS: I don't know what he means  
11:30:50 9 by "pressure," but I would say, if I wanted, if I  
11:30:53 10 wanted to cause there to be more focus, if I want  
11:31:01 11 to cause there to be people that are really  
11:31:03 12 looking at things, then I'll be asking a lot of  
11:31:07 13 questions, I'll be making sure that they  
11:31:10 14 understand that it's on my priority list, and my  
11:31:13 15 interpretation of those kinds of things would be  
11:31:15 16 yes, increase in attention on that topic.

11:31:26 17 MS. MARSHALL: I'll mark a document as  
11:31:27 18 Exhibit Number 8. It shows the definition of the  
11:31:42 19 word "pressure" from Encarta, which is a web-based  
11:31:51 20 dictionary.

11:32:01 21 (Exhibit No. 8 was marked for  
11:32:01 22 identification and attached to the deposition  
11:32:01 23 transcript.)

11:32:02 24 BY MS. MARSHALL:

11:32:02 25 Q Is your understanding of the word

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11:32:04 2 "pressure" inconsistent with definition Number 3  
11:32:25 3 in this document?

11:32:27 4 MR. CLARK: Objection. This is  
11:32:28 5 argumentative. It's irrelevant and it's a waste  
11:32:32 6 of time.

11:32:32 7 MS. MARSHALL: You can object to form.

11:32:35 8 MR. CLARK: This is just a huge waste of  
11:32:36 9 time, Caroline.

11:32:37 10 MS. MARSHALL: Well, we can mark this  
11:32:38 11 and we can get a ruling from the judge. You can  
11:32:40 12 object to form.

11:32:40 13 MR. CLARK: All right. Why don't we  
11:32:41 14 mark this and talk and get a ruling from the judge  
11:32:43 15 whether we're going to pull out Encarta Definition  
11:32:46 16 3 in every deposition about the witness'  
11:32:49 17 understanding. You've asked the witness'  
11:32:51 18 understanding of "pressure."

11:32:51 19 MS. MARSHALL: And now I'm asking him  
11:32:53 20 another question. Are you directing him not to  
11:32:55 21 answer?

11:32:56 22 MR. CLARK: Did you hear me say that?

11:32:59 23 MS. MARSHALL: Well, then you can object  
11:33:00 24 and that's it.

11:33:02 25 MR. CLARK: Okay. My objection is

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11:33:04 2 noted.  
11:33:04 3 MR. MORSE: Same objection.  
11:33:04 4 BY MS. MARSHALL:  
11:33:05 5 Q The question is: Is your understanding  
11:33:06 6 of the word "pressure" inconsistent with the  
11:33:08 7 Definition Number 3 in this document?  
11:33:12 8 A And just to be clear, that's the one  
11:33:14 9 that reads "force that pushes and urges"?  
11:33:17 10 Q Yes.  
11:33:27 11 A I don't find it to be inconsistent.  
11:33:28 12 Q Do you find your -- is your definition  
11:33:31 13 of "pressure" or your understanding of the  
11:33:33 14 definition of "pressure" inconsistent with the  
11:33:35 15 Definition Number 2 on this document?  
11:33:38 16 MR. CLARK: Same objections.  
11:33:44 17 THE WITNESS: Yes.  
11:33:45 18 BY MS. MARSHALL:  
11:33:45 19 Q It is inconsistent?  
11:33:46 20 A Yes.  
11:33:47 21 Q How?  
11:33:48 22 MR. CLARK: Same objections.  
11:34:02 23 THE WITNESS: As I said, my, my  
11:34:03 24 definition or what I was saying doesn't go nearly  
11:34:08 25 to that level as to the impact on people.

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11:34:12 2 BY MS. MARSHALL:

11:34:12 3 Q But it does go to the level of

11:34:15 4 Definition Number 3?

11:34:17 5 MR. CLARK: Objection; misstates prior  
11:34:18 6 testimony.

11:34:21 7 THE WITNESS: You know, mine is, I  
11:34:24 8 suppose -- these are all words that are difficult  
11:34:28 9 to -- my interpretation would not have put it in a  
11:34:33 10 "powerful" way. My definition would put it as a  
11:34:38 11 focus, a priority, and therefore for people it  
11:34:42 12 would demand more of their time and resources, et  
11:34:45 13 cetera, but things like "powerful" and "stressful"  
11:34:51 14 and those kinds are not my interpretation.

11:34:54 15 BY MS. MARSHALL:

11:34:55 16 Q Okay. Well, for the purpose of my  
11:34:57 17 question, I'm going to assume Definition Number 3,  
11:35:03 18 so when I say "pressure," I'm going to ask that  
11:35:06 19 you agree that we can use that definition; okay?

11:35:12 20 MR. CLARK: Objection. I'd like a  
11:35:15 21 break.

11:35:15 22 MS. MARSHALL: For what?

11:35:16 23 MR. CLARK: I'd like a break to consult  
11:35:17 24 with the witness.

11:35:18 25 MS. MARSHALL: There's a question on the

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11:35:19 2 record, and you want to take a break to consult  
11:35:21 3 with the witness?

11:35:22 4 MR. CLARK: Do you feel like you can  
11:35:23 5 answer that question and accept --

11:35:24 6 MS. MARSHALL: It's totally improper for  
11:35:26 7 you to take a break to consult with the witness  
11:35:28 8 when there is a question on the record. Do you  
11:35:29 9 think that there is a privilege issue here?

11:35:32 10 MR. CLARK: Caroline, he can answer the  
11:35:34 11 question. Then we're going to take a break; okay?  
11:35:37 12 He can answer the question about whether we're  
11:35:40 13 going to accept Encarta's definition of  
11:35:42 14 "pressure," and then we'll take a break.

11:35:43 15 So, Mr. Brass, if you think you can  
11:35:45 16 answer that question, please do.

11:35:47 17 MS. MARSHALL: That's not my question.

11:35:49 18 MR. CLARK: And then we'll have a break.

11:35:51 19 THE WITNESS: Could you repeat the  
11:35:52 20 question.

11:36:13 21 BY MS. MARSHALL:

11:36:13 22 Q For the purpose of my question I'm going  
11:36:15 23 to assume Definition Number 3, so when I say  
11:36:17 24 "pressure" I'm going to ask you -- I'm going to  
11:36:21 25 ask that you agree that we can use that

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11:36:23 2 definition. Is that okay with you?

11:36:26 3 MR. MORSE: Objection to form.

11:36:29 4 MR. CLARK: Same objection.

11:36:30 5 THE WITNESS: I guess if I say yes, I  
11:36:32 6 think I know it's going to be the definition as  
11:36:35 7 you ask questions. If I say no, then what?

11:36:41 8 BY MS. MARSHALL:

11:36:43 9 Q I'm just -- can you --

11:36:44 10 A I don't like that definition.

11:36:45 11 Q That's fine. I'm not asking whether you  
11:36:47 12 like it.

11:36:48 13 A But I don't understand. I mean if you  
11:36:50 14 want me to go down a hypothetical path with this  
11:36:53 15 as a definition -- and I think that's what you're  
11:36:55 16 asking me to do.

11:36:56 17 Q Well, I think we need to agree on a  
11:36:58 18 definition, and so I'm asking you whether or  
11:37:00 19 not -- I'm asking you to assume, for the purpose  
11:37:02 20 of my next question, this definition of  
11:37:06 21 "pressure."

11:37:11 22 MS. WICKHEM: Object to form and  
11:37:12 23 foundation.

11:37:12 24 MR. CLARK: Same objection.

11:37:13 25 MR. MORSE: Argumentative.

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11:37:15 2 BY MS. MARSHALL:

11:37:16 3 Q Can you do that?

11:37:20 4 A I guess I can't say that I can unless I  
11:37:23 5 know where this is going and what kind of  
11:37:26 6 questions I'll be asked, and if I'm constantly  
11:37:29 7 having to go to a definition that doesn't fit my  
11:37:32 8 definition, then I'm always going to try to put  
11:37:34 9 myself somewhere a bit unnatural, and that seems  
11:37:38 10 like a difficult thing to do, and I'm just -- I'm  
11:37:43 11 nervous about that.

11:37:45 12 MR. MORSE: Are there any other words  
11:37:46 13 that we're going to be doing this with?

11:37:49 14 MR. CLARK: Yeah, let's get them all out  
11:37:51 15 at once so we can talk to the judge about the  
11:37:52 16 whole panoply of definitions.

11:37:52 17 MR. HABER: He didn't have so much  
11:37:52 18 difficulty on what the definition of the word  
11:37:52 19 "pressure" has been throughout the last nine  
11:37:52 20 months --

11:37:58 21 MR. CLARK: You asked what his  
11:37:58 22 understanding is, and he tells what you his  
11:37:59 23 understanding is, and that's why he has  
11:38:01 24 difficulty, because he said his understanding,  
11:38:03 25 he's been asked repeatedly, and it's given. So if



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11:38:05 2 you want him to have a different understanding of  
11:38:07 3 a word than what he said his understanding is,  
11:38:09 4 that is a very hard thing for a witness to do,  
11:38:12 5 which he has expressed, absent a break.

11:38:15 6 MR. HABER: I think Caroline has made it  
11:38:16 7 very clear what we're trying to understand and to  
11:38:18 8 get agreement on, and I think, as you well know,  
11:38:21 9 through the last two months or so, this word has  
11:38:25 10 been very, very difficult to get a handle on, a  
11:38:27 11 consistent definition that a witness would be able  
11:38:29 12 to testify about.

11:38:31 13 MR. CLARK: The witness testifies to  
11:38:31 14 their understanding. They don't testify to a  
11:38:34 15 consistent definition. They don't accept a  
11:38:36 16 consistent definition. They testify to their  
11:38:38 17 understanding. You're asking about documents he  
11:38:40 18 didn't write, that he didn't have input into, and  
11:38:43 19 you're asking him what his understanding is, and  
11:38:44 20 that's what you get.

11:38:46 21 MR. HABER: Well, Chris, I think the  
11:38:47 22 record will be very clear as to what we get with  
11:38:50 23 regard to this particular issue.

11:38:51 24 MR. CLARK: That's fine. I think it is  
11:38:52 25 clear. You're getting the witness' understanding.

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11:38:56 2 MR. HABER: I don't think that's what

11:38:57 3 we're getting.

11:39:00 4 BY MS. MARSHALL:

11:39:00 5 Q What did you understand in this same

11:39:05 6 paragraph, Number 7, where it says --

11:39:13 7 MR. CLARK: Is the last question

11:39:14 8 withdrawn, or did you get a sufficient answer?

11:39:17 9 MS. MARSHALL: I think it's fair that I

11:39:17 10 can say that I didn't get an answer. I'm going to

11:39:21 11 try to get around it another way.

11:39:23 12 MR. CLARK: What about our request for a

11:39:24 13 break?

11:39:24 14 MS. MARSHALL: I have another question.

11:39:26 15 MR. CLARK: Okay. So you're denying our

11:39:27 16 request for a break until your next question is

11:39:28 17 posed?

11:39:30 18 MS. MARSHALL: Do you need a break?

11:39:31 19 THE WITNESS: Yes.

11:39:32 20 THE VIDEOGRAPHER: This marks the end of

11:39:33 21 Tape 1 in the deposition of Mr. Brass. We are

11:39:36 22 going off the record. The time is 11:39 a.m.

11:39:40 23 (Whereupon, a short recess was taken.)

11:56:44 24 THE VIDEOGRAPHER: This marks the

11:56:44 25 beginning of Tape 2, Volume II, in the deposition

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11:56:48 2 of Mr. Brass. We are back on the record. The  
11:56:50 3 time is 11:56 a.m.

11:56:53 4 BY MS. MARSHALL:

11:56:53 5 Q Mr. Brass, going back to the first page  
11:57:01 6 of the document we were talking about earlier, the  
11:57:06 7 paragraph beginning "Group Proved Reserves receive  
11:57:10 8 increasingly close attention by Group  
11:57:13 9 Management" --

11:57:14 10 MR. CLARK: Exhibit 7?

11:57:15 11 MS. MARSHALL: Yeah, thanks. Exhibit 7:

11:57:18 12 THE WITNESS: Yes.

11:57:19 13 BY MS. MARSHALL:

11:57:19 14 Q You said that "Group Management," you  
11:57:22 15 understood that to mean E&P leadership or E&P  
11:57:25 16 ExCom. Were there any particular members of E&P  
11:57:31 17 ExCom who you recall gave increasingly close  
11:57:38 18 attention to Group Proved Reserves?

11:57:59 19 A In discussions at ExCom -- and regularly  
11:58:04 20 priorities might have been discussed or was  
11:58:07 21 discussed -- uh, rightfully so, Phil made reserves  
11:58:12 22 a priority, so I knew it was on, clearly on his  
11:58:17 23 screen, and I fully expected it to be on his  
11:58:20 24 screen. I can't recall there being -- other than  
11:58:26 25 general support and general agreement, I can't

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11:58:28 2 recall anyone else speaking so vocal or so outward  
11:58:33 3 towards reserves.

11:58:36 4 Q Who set the reserves target?

11:58:41 5 A The entire ExCom would discuss it, and  
11:58:45 6 it would basically -- we would try to make it  
11:58:47 7 whatever is in the Business Plan for the next  
11:58:51 8 year. It would be -- I can't recall if we ever  
11:58:53 9 deviated. We might have, but generally we would  
11:58:58 10 develop the Business Plan, take the numbers right  
11:58:59 11 out of the Business Plan and put them in the  
11:59:01 12 targets for the next year.

11:59:02 13 Q How did the numbers get into the  
11:59:04 14 Business Plan?

11:59:05 15 A Through a process that begins through  
11:59:08 16 the -- really in about May where all the Operating  
11:59:12 17 Units of the world start working up their  
11:59:15 18 individual Plans. Those are submitted to our  
11:59:18 19 organization, actually, in early summer, June/July  
11:59:24 20 time frame. We then go through a process of  
11:59:28 21 reviewing them all, summarizing them all, adding  
11:59:30 22 them all up, putting them together. Workshops are  
11:59:33 23 held, usually one or two workshops are held,  
11:59:38 24 inviting at least all the major Operating Units to  
11:59:41 25 come in and allow them an opportunity to tell us

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11:59:44 2 more clearly what their plans are. It usually  
11:59:47 3 was -- the biggest issue was around capital  
11:59:50 4 constraints, who gets the money, so that was a lot  
11:59:53 5 of the discussions that went on.

11:59:56 6 By July/August a draft plan is put  
12:00:01 7 together and starts to be reviewed by the ExCom.  
12:00:04 8 That review continues on and eventually is  
12:00:07 9 presented to the CMD in October, as I recall,  
12:00:11 10 finalized with CMD and agreed with CMD in the  
12:00:18 11 October/November time frame. Then it's presented  
12:00:22 12 to the Board of Directors at the December meeting  
12:00:24 13 for their approval.

12:00:30 14 Q Do you recall conversations with -- do  
12:00:33 15 you recall whether or not the targets with respect  
12:00:37 16 to the reserves and the Business Plan were a  
12:00:40 17 subject of discussion at ExCom meetings?

12:00:47 18 A I can't recall the specific discussions.  
12:00:49 19 I would say generally again all these major  
12:00:52 20 parameters were discussed at ExCom.

12:00:55 21 Q And would the final targets ever be  
12:01:03 22 different than the targets put forth by the OUs  
12:01:09 23 themselves?

12:01:10 24 A Yes.

12:01:13 25 Q And who had the -- how -- what was the

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12:01:17 2 process by which the numbers would change?

12:01:21 3 A It would be through an iterative process  
12:01:24 4 with both the individual Director for that  
12:01:27 5 particular OU -- and my answer is based on --  
12:01:32 6 let's take an example OU, an Operating Unit who  
12:01:36 7 has submitted a Plan. That OU would have been  
12:01:38 8 under the directorate of one of the Regional  
12:01:42 9 Directors at this time, and that person sat on the  
12:01:45 10 ExCom.

12:01:45 11 Q So for example, Nigeria would have gone  
12:01:48 12 through Heinz Rothermund?

12:01:51 13 A Right.

12:01:52 14 Q Okay.

12:01:52 15 A And so when we add things all together,  
12:01:55 16 what starts as pretty reasonable estimates on an  
12:01:58 17 individual basis, you add them all up, you  
12:02:01 18 sometimes come up with a pretty unreasonable  
12:02:04 19 answer, whether it's Capex or cost or whatever the  
12:02:07 20 case may be. And so generally there was both  
12:02:12 21 specific and sometimes more general requests given  
12:02:15 22 to the Regions to go back to their Operating Units  
12:02:17 23 and their particular heads of those units and  
12:02:21 24 discuss ways to cut capital or to adjust cost or  
12:02:25 25 to change their programs, et cetera, so that the

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12:02:27 2 total started to come into something that was  
12:02:29 3 affordable and doable.

12:02:32 4 Q And would that process work any  
12:02:37 5 differently with respect to the Reserves  
12:02:40 6 Replacement Ratio?

12:02:42 7 A The reserves and reserve replacement  
12:02:45 8 tends to be more of an output than an input. It's  
12:02:48 9 a result of what you invest in, how many wells you  
12:02:51 10 drill, et cetera, and then it's sort of an answer,  
12:02:54 11 so you can't really say to them, you know, please  
12:02:55 12 give me more reserves. What you need to say to  
12:02:58 13 them is can you change your Development Plans or  
12:03:00 14 your programs, are we willing to invest capital.

12:03:04 15 Having said that, almost all of the  
12:03:06 16 ranking of projects, especially at this time, was  
12:03:10 17 done on value, and so those with the highest value  
12:03:14 18 -- "Value Investment Ratios," we call it -- would  
12:03:17 19 receive the most capital, receive the most  
12:03:20 20 funding, and hence would tend to drive the results  
12:03:22 21 of production and reserves.

12:03:26 22 Q And how -- what would go into  
12:03:29 23 determining the Value Investment Ratio?

12:03:34 24 A The, uh, the net present value,  
12:03:38 25 discounted net present value over discounted

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12:03:41 2 investment.

12:03:47 3 Q And how was that figure arrived at?

12:03:52 4 A It's a standard, rigorously-applied  
12:03:57 5 calculation that we've been using for really many,  
12:03:59 6 many years, but basically you look at -- you model  
12:04:05 7 a project from inception to conclusion, so it  
12:04:08 8 could be five, ten and sometimes 30, 40 years, and  
12:04:13 9 you model what you're going to invest or need to  
12:04:16 10 invest to develop that field in terms of drilling  
12:04:19 11 activities and production activities and  
12:04:21 12 facilities. It's all modeled over a spreadsheet,  
12:04:24 13 to take the cash flows from those and then  
12:04:26 14 discount that cash flow back for your present  
12:04:28 15 value.

12:04:40 16 Q Would the Reserves Replacement Ratio  
12:04:44 17 target ever change independently of any of the  
12:04:48 18 other figures in the proposed Business Plans?

12:04:56 19 A You know, no. I'm trying to think of an  
12:05:00 20 exception. I can't in the moment. I'm not saying  
12:05:03 21 it never happened, but generally we would -- you  
12:05:06 22 would lose logic in your targets if you started  
12:05:09 23 taking disconnects between these, and generally  
12:05:12 24 that was not done.

12:05:13 25 Q Was there a target for Regions with



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12:05:25 2 respect to Reserves Replacement Ratio; for  
12:05:30 3 example, EPG?

12:05:33 4 A Yeah. I'm hesitating because we handled  
12:05:43 5 it differently at different points in the  
12:05:45 6 evolution of the organization, so I suppose my  
12:05:48 7 correct answer is I can't recall in the moment.

12:05:52 8 Q Do you recall whether -- you can't  
12:05:56 9 recall because you're not sure at any given point  
12:05:59 10 in time? Would it help if I focused on a  
12:06:01 11 particular time period?

12:06:03 12 A No. Perhaps let's -- I think I just  
12:06:16 13 have to say I don't recall.

12:06:18 14 Q Okay. Was there a Reserves Replacement  
12:06:25 15 Ratio target for EP as a whole that the company  
12:06:34 16 was ever looking to reach?

12:06:42 17 A First of all, of course, the Replacement  
12:06:43 18 Ratio target was again developed from the Business  
12:06:45 19 Plan. It had a multi-year -- you could see that  
12:06:49 20 replacement over multi-year. The word "target"  
12:06:52 21 was only used for the next year in that business  
12:06:55 22 planning process. Clearly, any oil and gas  
12:06:58 23 company, ourselves included, would want to replace  
12:07:01 24 at least a hundred percent of your reserves over  
12:07:03 25 the long haul. It doesn't have to be in a year or

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12:07:07 2 two or sometimes even five, but over the longer  
12:07:09 3 period of time you want to keep replenishing if  
12:07:12 4 you're going to keep the company going. However,  
12:07:14 5 some companies choose to deplete the reserves and  
12:07:18 6 get purchased or something, and yet on the other  
12:07:19 7 hand, if you want to grow production, you actually  
12:07:22 8 need Reserve Replacement Ratios in excess of a  
12:07:25 9 hundred percent, but clearly a hundred percent  
12:07:26 10 overall -- if you were to ask me any point in the  
12:07:29 11 oil and gas business, I would say a hundred  
12:07:33 12 percent is always the company goal over the long  
12:07:35 13 term.

12:07:38 14 Q In 2000 and 2001 was the company looking  
12:07:42 15 to increase their reserves portfolio or the  
12:07:46 16 reserve ratio?

12:07:48 17 A In 2000 and 2001?

12:07:51 18 Q Yes.

12:07:56 19 A If I'm recalling correctly, the number  
12:08:01 20 from the Plan in 2000 I think was about  
12:08:03 21 80 percent. I don't recall what it was in the  
12:08:07 22 next year or the next year, and clearly we just  
12:08:10 23 knew that the year before was something around  
12:08:12 24 50 percent. If you take my previous answer, you  
12:08:16 25 know, those two numbers, you would say, well, that

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12:08:18 2 might be acceptable in the short term, but at some  
12:08:22 3 point I need numbers bigger than that to come back  
12:08:26 4 to my hundred percent level overall. So, you  
12:08:41 5 know, my general answer is yes, that over a period  
12:08:46 6 of time that Reserves Replacement Ratio would be  
12:08:50 7 desirable to come back up.

12:08:52 8 Q Did the OUs ever receive direction from  
12:09:11 9 EP leadership to try to reach a certain ratio for  
12:09:19 10 reserve replacement?

12:09:20 11 A At the OU level? No, I don't believe  
12:09:22 12 so. It's too, it's too small of a unit in most  
12:09:26 13 cases to have measures like that be, be  
12:09:28 14 meaningful.

12:09:29 15 Q What would be the first unit to have a  
12:09:32 16 measure like that be meaningful?

12:09:35 17 A Clearly you can do it at the company  
12:09:37 18 level in total. It's probably realistic to do  
12:09:40 19 it -- at the time we had it at the Region level.  
12:09:44 20 Much below that, it gets very difficult.

12:09:58 21 Q Was -- in 2000 was EP leadership looking  
12:10:00 22 for a result then of increasing the Reserves  
12:10:09 23 Replacement Ratio when they increased their  
12:10:11 24 attention on Group Proved Reserves?

12:10:16 25 A I don't recall it being so much a focus

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12:10:19 2 for a year. As I said, I don't recall there  
12:10:24 3 actually being a lot of controversy and discussion  
12:10:29 4 debate over the target for the year, which is --  
12:10:31 5 as I'm recalling anyway -- is even less than a  
12:10:34 6 hundred percent, but again the focus was toward  
12:10:37 7 making sure that people's attention is, over the  
12:10:39 8 longer term, to push that number back up if we  
12:10:43 9 could.

12:10:46 10 Q Was Phil Watts in the position to  
12:10:52 11 finalize the numbers that would go to CMD with  
12:10:59 12 respect to the projections for the Reserves  
12:11:04 13 Replacement Ratio?

12:11:07 14 MR. CLARK: Objection to form.

12:11:10 15 THE WITNESS: Phil, with the ExCom,  
12:11:11 16 agreed to the Business Plan that would be  
12:11:14 17 presented to ExCom. He made no changes to it that  
12:11:18 18 we didn't collectively see or know or work on  
12:11:22 19 together.

12:11:22 20 BY MS. MARSHALL:

12:11:22 21 Q Was the Business Plan -- in order for  
12:11:30 22 the Business Plan to be finalized at the ExCom  
12:11:31 23 level, did there have to be agreement of the  
12:11:34 24 entire ExCom?

12:11:37 25 A Well, no, in theory, but this is

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12:11:40 2 something that, you know, of course, he wants  
12:11:43 3 people to have ownership of, and so he would --  
12:11:45 4 there would be a lot of discussion to try to get  
12:11:48 5 that ownership, give and take, push and pull,  
12:11:52 6 whatever, to try to reach a hundred percent  
12:11:54 7 consensus. Of course, that's a bit difficult at  
12:11:56 8 times, but there would be -- I don't recall  
12:11:59 9 necessarily there being instances where someone,  
12:12:02 10 you know, was leaving the room just totally upset,  
12:12:05 11 but people were, didn't necessarily get all they  
12:12:08 12 wanted either; but he would work very hard to try  
12:12:11 13 to get consensus with the Business Plan.

12:12:32 14 Q Do you recall whether or not there was a  
12:12:38 15 presentation to the ExCom discussing the issues  
12:12:51 16 that were addressed in Exhibit 7, which is Anton  
12:12:56 17 Barendregt's January 30th, 2001, Review of Group  
12:13:08 18 end-2000 Proved Oil and Gas Reserves?

12:13:11 19 MR. CLARK: Objection to form.

12:13:18 20 THE WITNESS: As you stated that  
12:13:19 21 question, you asked if there was a presentation on  
12:13:20 22 the issues. Is that just generally or --

12:13:25 23 BY MS. MARSHALL:

12:13:25 24 Q Yeah, or were there issues that were  
12:13:37 25 brought to ExCom in January of 2001 pertaining to

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1 LORIN BRASS, November 9th, 2006  
12:13:45 2 any of the items discussed in Anton Barendregt's  
12:13:48 3 report?  
12:13:50 4 MR. CLARK: Objection.  
12:13:59 5 THE WITNESS: I don't recall that  
12:14:00 6 meeting. You know, we certainly talked about the  
12:14:03 7 one the year before. Lots of memories about that  
12:14:07 8 meeting. I just don't recall this meeting.  
12:14:13 9 Clearly there weren't as many issues this year,  
12:14:15 10 according to 2000, as there were in 1999, but at  
12:14:22 11 the end of the day I just cannot recall the 2001  
12:14:25 12 meeting.  
12:14:33 13 BY MS. MARSHALL:  
12:14:34 14 Q I don't understand what you mean,  
12:14:36 15 "clearly there weren't as many issues this year,  
12:14:40 16 according to 2000, as there were in 1999."  
12:14:44 17 A Well, the big ones there were again how  
12:14:47 18 to handle bookings in some big chunks. Iran. We  
12:14:50 19 talked about Athabasca. There was also the  
12:14:54 20 suggestions to cap the proved reserves in Nigeria,  
12:14:59 21 Abu Dhabi, those kind of things. Those having  
12:15:03 22 been done, basically, especially for Nigeria, was  
12:15:06 23 continued forward in this year, no new decision  
12:15:09 24 was made. The continued caps remained. So they  
12:15:12 25 didn't become as much of a debate as they were the

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12:15:15 2 year before, and there had been resolution on how  
12:15:18 3 to handle Iran, and we were very clear how to  
12:15:22 4 handle Athabasca. We talked about Angola in great  
12:15:27 5 detail and had come to a decision on Angola. I  
12:15:32 6 mean there could have been a meeting, they could  
12:15:34 7 have been discussed, but I just cannot recall.

12:15:43 8 Q If you go to the first page of the first  
12:15:46 9 attachment, which is Bates ending 345 -- I think  
12:16:10 10 you've gone past it. It's the third page of the  
12:16:12 11 document.

12:16:13 12 A I got it. 345. Oh, Attachment 1, okay.

12:16:18 13 Q Thanks.

12:16:21 14 If you look to the top of the page, the  
12:16:35 15 first -- under Item Number 1, "Significant  
12:16:39 16 reserves changes during 2000 were as follows," the  
12:16:42 17 second sentence of that first paragraph says,  
12:16:44 18 "This year, PDO (Oman), SOGU (Denmark) and SDA  
12:16:51 19 (Australia) were able to add in total some 50 mln  
12:16:54 20 m3oe to Proved Reserves." Do you recall additions  
12:17:12 21 to Proved Reserves from PDO Oman in 2000?

12:17:22 22 A No.

12:17:27 23 Q Do you recall the license, whether or  
12:17:27 24 not the license expiry issue had been resolved as  
12:17:32 25 of January 2001 for Oman?

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12:17:41 2 MR. MORSE: Objection to form.

12:17:45 3 THE WITNESS: It's a bit difficult for  
12:17:46 4 me to put that question back in 2000. I'm aware,  
12:17:49 5 however, that that license wasn't extended for a  
12:17:56 6 couple three years beyond this.

12:18:04 7 BY MS. MARSHALL:

12:18:04 8 Q Do you recall whether the license  
12:18:08 9 extension with respect to Oman was discussed in  
12:18:19 10 January of 2001?

12:18:23 11 A I don't recall.

12:18:37 12 Q Do you recall questioning whether or not  
12:18:41 13 reserves could be booked in Oman for 2000, given  
12:18:47 14 that the license had yet to be renewed?

12:18:53 15 MR. MORSE: Objection to form.

12:18:55 16 THE WITNESS: I don't recall.

12:19:28 17 BY MS. MARSHALL:

12:19:29 18 Q If you go to Item Number 6 that's on the  
12:19:32 19 next page, the first paragraph, why don't you read  
12:19:39 20 that paragraph, and I'm going to ask you a couple  
12:19:42 21 questions.

12:20:16 22 A Okay.

12:20:21 23 Q Do you recall the subject matter that's  
12:20:26 24 being discussed in this paragraph?

12:20:28 25 A Yes.



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12:20:32 2 Q What do you recall about that?

12:20:35 3 A It's really the topic, you know, that  
12:20:37 4 we've talked about, that you need to be able to  
12:20:44 5 produce the proved volumes within the licenses,  
12:20:49 6 within the existing licenses, and therefore you  
12:20:52 7 would, you would need to, in some of these areas,  
12:20:58 8 increase production so that you use it up faster  
12:21:01 9 or else extend the license.

12:21:07 10 Q Do you recall whether or not this was an  
12:21:14 11 issue that was discussed at ExCom in the end of  
12:21:23 12 2000 or beginning of 2001?

12:21:25 13 A I don't recall.

12:21:27 14 Q Do you recall whether or not you had any  
12:21:29 15 particular concerns with respect to this issue as  
12:21:32 16 it related to the booking of reserves during that  
12:21:36 17 time period?

12:21:39 18 A I can't remember exactly when we started  
12:21:42 19 certain actions, but as a result of the prior year  
12:21:46 20 already, work had begun in some of these OUs and  
12:21:53 21 also in various functions in the Center to  
12:21:58 22 understand what are the, what are the  
12:22:02 23 possibilities both on the production side and also  
12:22:06 24 on the license extension side. And activities  
12:22:10 25 were kicked off that I recall very clearly for

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1  
12:22:14 2 Nigeria and for Oman. I just don't remember  
12:22:18 3 specific dates necessarily, especially on the  
12:22:22 4 license extension work. There was a whole team  
12:22:25 5 put together for Oman, for instance, that began to  
12:22:29 6 very, very deliberately work through all the  
12:22:32 7 issues of what it takes to extend that license in  
12:22:34 8 Oman, and that was kicked off and worked on. The  
12:22:39 9 team finally made their proposal of how they'd do  
12:22:44 10 that. They negotiated for many, many months, and  
12:22:46 11 finally a license extension was signed.

12:22:49 12 Q When was that?

12:22:55 13 A It was either 2004 or 2005.

12:22:58 14 Q Do you know who headed that team?

12:23:08 15 A I can see the face again.

12:23:14 16 Q Was it somebody from the OU?

12:23:16 17 A No. It was, it was someone that -- I  
12:23:24 18 can't recall whether -- I don't think he was in  
12:23:26 19 the OU at that time. I think he was in the  
12:23:28 20 offices there in Rijswijk, but there I could be  
12:23:34 21 wrong, too.

12:23:35 22 Q Was Stuart Clayton involved?

12:23:37 23 A No, it wasn't Stuart.

12:23:46 24 Q Was this group formed at the direction  
12:23:52 25 of anybody?

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12:23:58 2 A I think the responsibility to get things  
12:24:02 3 going was given to the Regional Business Director,  
12:24:04 4 and if my dates were right, I think that was still  
12:24:09 5 Din Megat at the time. And in fact, now that I'm  
12:24:12 6 thinking about it, I remember talking with Din and  
12:24:15 7 talking with the team, so I think Din Megat was  
12:24:19 8 the one from the Region.

12:24:20 9 Q What involvement did you have with that  
12:24:21 10 team?

12:24:22 11 A Not a lot. I supplied resources from  
12:24:25 12 the Business Development skill pool, especially  
12:24:27 13 those that had expertise in contracts and such, so  
12:24:31 14 we staffed the team, but the team did not report  
12:24:34 15 back to me. I recall being on some regular  
12:24:38 16 updates from the team, either individually or as  
12:24:41 17 part of them reporting out to Din, but I was not  
12:24:45 18 accountable for the team.

12:24:53 19 Q Do you recall whether Phil Watts was in,  
12:25:02 20 involved in any of the conversations regarding the  
12:25:06 21 license extension with Oman?

12:25:12 22 A What I know is Phil had an excellent  
12:25:15 23 relationship with the Excellency in Oman, and  
12:25:19 24 therefore on every occasion that he visited, he  
12:25:21 25 would talk to the people in Oman at very high

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1  
12:25:24 2 levels. The license extension superseded his time  
12:25:30 3 as the head of E&P. We didn't conclude it until  
12:25:33 4 he had moved on, and Walter was there. So once  
12:25:39 5 that occurred, I don't know that Phil had  
12:25:41 6 continued discussions in Oman, but it would be  
12:25:46 7 logical that he might have.

12:25:49 8 Q Do you recall any conversations  
12:25:50 9 involving Phil Watts where concern was expressed  
12:25:55 10 about the continued booking of Proved Reserves for  
12:26:00 11 Oman prior to the license being extended?

12:26:06 12 A I don't recall.

12:26:08 13 Q Do you recall that issue ever being  
12:26:12 14 discussed?

12:26:16 15 A The issue that became the -- again the  
12:26:21 16 reserves were a result of the production and the  
12:26:27 17 investment. The big issue was that production had  
12:26:30 18 begun to plateau, and the Omani Government and oil  
12:26:36 19 company was extremely concerned, and so there was  
12:26:41 20 a lot of analysis done to see why that production  
12:26:45 21 was beginning to curtail, what might be the  
12:26:48 22 future, will it turn back around and will it  
12:26:51 23 continue to decline or continue to stay plateau,  
12:26:53 24 so that production one was sort of the front end  
12:26:59 25 of every discussion about Oman. Clearly, the

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12:27:03 2 license extension and the reserves were important,  
12:27:05 3 very important, and they would be a result of this  
12:27:08 4 plateauing production, and even more so if  
12:27:11 5 production -- as it did -- started to decline, but  
12:27:15 6 the conversations usually were first and foremost  
12:27:19 7 about production and kind of then about the impact  
12:27:22 8 on reserves.

12:27:25 9 Q And what do you recall about the  
12:27:26 10 conversations about the impact on reserves?

12:27:30 11 A Well, just as these documents also  
12:27:34 12 state, that unless the license is extended or the  
12:27:37 13 actual production goes up, those reserves would  
12:27:39 14 eventually have to be de-booked.

12:27:40 15 Q Do you recall whether or not Phil Watts  
12:27:44 16 ever expressed concern regarding that?

12:27:46 17 A No, I don't recall.

12:27:47 18 Q Do you recall whether or not Walter van  
12:27:49 19 der Vijver ever expressed concern regarding that  
12:27:53 20 possibility?

12:27:54 21 A No, I don't recall.

12:28:10 22 Q Do you have any memory of -- let me ask  
12:28:18 23 it this way. In January of 2001 was  
12:28:25 24 Mr. Platenkamp still in his previous position from  
12:28:30 25 2000?

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12:28:36 2 A I don't recall. It was in that first  
12:28:39 3 part of 2001 that that changeover occurred. I'm  
12:28:45 4 remembering in the moment that it's a bit later  
12:28:48 5 than this, so . . .

12:28:51 6 Q Do you recall whether or not he made a  
12:28:54 7 presentation in 2001 to ExCom regarding reserves?

12:29:03 8 A I don't recall.

12:29:09 9 Q Do you recall whether or not he was  
12:29:10 10 involved in 2001 about -- with any discussions  
12:29:15 11 involving reserves?

12:29:25 12 A If he was there, he was involved the  
12:29:27 13 same way he was the year before. My hesitation is  
12:29:29 14 simply I can't remember if the changeover had  
12:29:31 15 occurred.

12:29:42 16 Q After that meeting in January of 2000  
12:29:44 17 that you have -- I think you said you have a --  
12:29:46 18 you know, that sticks out in your mind. What is  
12:29:49 19 the next event that sticks out in your mind  
12:29:53 20 regarding reserve reporting?

12:30:00 21 A Well, we talked about the Angola Block  
12:30:01 22 18. That would have been the next one. I think  
12:30:10 23 we're, we're moving into 2001. In 2001, Phil left  
12:30:19 24 E&P and Walter came in.

12:30:21 25 Q When in 2001 did that --

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12:30:23 2 A May. And right in that process there  
12:30:26 3 was a lot of discussion about our, our production  
12:30:33 4 growth rate and whether or not we could meet what  
12:30:38 5 we had told the market as a five percent  
12:30:41 6 production growth rate. And again by business  
12:30:46 7 planning and looking at all the numbers, that was  
12:30:48 8 looking more and more questionable whether we  
12:30:51 9 could hit the five percent.

12:30:54 10 Q Who had -- how long had five percent  
12:31:03 11 been the number?

12:31:07 12 A I don't recall, but for a while. Maybe  
12:31:12 13 two years.

12:31:13 14 Q Do you know who had put forth that  
12:31:16 15 number?

12:31:17 16 A Well, it would have been the head of  
12:31:21 17 E&P, which would have been Phil. There were  
12:31:23 18 numbers before him, though, and different people  
12:31:25 19 running E&P.

12:31:25 20 Q But so long as that was -- he was  
12:31:28 21 running E&P --

12:31:29 22 A Right.

12:31:29 23 Q -- he would have had that  
12:31:30 24 responsibility?

12:31:31 25 A Right.

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12:31:31 2 Q Okay. And how was it that that five  
12:31:41 3 percent was looking more and more questionable?

12:31:43 4 A Again just by analyzing the Business  
12:31:47 5 Plan and the contributions from the Operating  
12:31:49 6 Units and the investments we were willing to make,  
12:31:53 7 the profiles that we were seeing as a result of  
12:31:57 8 those planning processes was less. Now, if you go  
12:32:00 9 down to the core of that, it's simply that a  
12:32:02 10 number of Operating Units are getting older in  
12:32:05 11 some of the big, big contributors to production,  
12:32:08 12 like the North Sea, ExPro, and in the United  
12:32:12 13 States, the Gulf of Mexico. Those very large  
12:32:14 14 fields were beginning to age and show more  
12:32:17 15 decline. So it's a natural -- it was part of the  
12:32:20 16 natural evolution of the fields in part and also  
12:32:22 17 part of the opportunities that we had to replenish  
12:32:27 18 that production again through development and  
12:32:29 19 drilling around the world.

12:32:31 20 Q And was that a particular focus of  
12:32:38 21 Walter van der Vijver when he assumed the position  
12:32:42 22 as head of EP?

12:32:44 23 MR. CLARK: Objection to form.

12:32:45 24 THE WITNESS: Yes.

12:32:45 25



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12:32:50 2 BY MS. MARSHALL:

12:32:50 3 Q And how did his focus manifest itself?

12:32:56 4 MR. CLARK: Objection to form.

12:32:59 5 BY MS. MARSHALL:

12:32:59 6 Q What form did his focus take is probably  
12:33:04 7 better.

12:33:05 8 MR. CLARK: Same objection.

12:33:07 9 THE WITNESS: Well, if you're asking  
12:33:08 10 what he did --

12:33:09 11 BY MS. MARSHALL:

12:33:10 12 Q Yeah, that's a better question. Thank  
12:33:11 13 you.

12:33:12 14 A Then I'd say he again asked for all the  
12:33:17 15 data, all the very detailed information, literally  
12:33:20 16 in some cases field by field, to really, really  
12:33:24 17 understand where we are and perhaps where we're  
12:33:28 18 going with it. So I wouldn't say there was a team  
12:33:33 19 formed, but there were individuals that were  
12:33:37 20 working towards a very thorough analysis of the  
12:33:41 21 information to see whether or not the projection  
12:33:45 22 was defensible.

12:33:47 23 Q And did you take part in that analysis?

12:33:50 24 A People in my organization did, and I  
12:33:52 25 certainly was part of the reviews and discussions,

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12:33:55 2 et cetera.

12:33:56 3 Q And this occurred during 2001 after

12:34:00 4 Mr. van de Vijver became the head of EP?

12:34:10 5 A Yes.

12:34:11 6 Q And for how long did this analysis

12:34:13 7 continue?

12:34:14 8 A To the -- towards the latter part of

12:34:16 9 2001.

12:34:16 10 Q And was a decision made about whether or

12:34:19 11 not the number should be reduced?

12:34:21 12 A Yes.

12:34:22 13 Q And who made that decision?

12:34:27 14 A Well, it was certainly a CMD discussion.

12:34:31 15 Walter was there, of course, too, so I would have

12:34:34 16 to say CMD. I'm sure the Board was informed

12:34:40 17 before we did that.

12:34:41 18 Q And what was the number reduced to?

12:34:43 19 A Three.

12:35:00 20 Q In -- with respect to the analysis that

12:35:04 21 was undertaken of the production levels, do you

12:35:16 22 recall whether in 2001 the license expiry issues

12:35:31 23 of Nigeria were ever discussed?

12:35:39 24 A I don't recall specifics around Nigeria

12:35:44 25 license extension. Clearly Nigeria's production

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12:35:47 2 was part of this analysis. The two go hand in  
12:35:53 3 hand, but I don't recall specific discussion.

12:35:56 4 Q Was Oman's production part of the  
12:36:01 5 analysis?

12:36:02 6 A Absolutely.

12:36:04 7 Q Do you recall any other OUs that were  
12:36:12 8 having production issues that were analyzed during  
12:36:17 9 that time period?

12:36:20 10 MR. CLARK: Objection to form.

12:36:23 11 THE WITNESS: I'm not aware of any other  
12:36:25 12 issues that an Operating Unit had. I guess I'd go  
12:36:29 13 back to repeat that we, we took information that  
12:36:33 14 encompassed all the Operating Units to make the  
12:36:36 15 analysis, so they all were swept in, but I don't  
12:36:38 16 recall any other than the normal declines that I  
12:36:41 17 was talking about earlier. I don't recall any  
12:36:43 18 other issues in the other Operating Units.

12:36:46 19 BY MS. MARSHALL:

12:36:47 20 Q Well, do you recall any -- do you have a  
12:36:50 21 specific recollection of the decline in Nigeria or  
12:36:54 22 problems in Nigeria with respect to production?

12:37:05 23 A I, I recall that we were producing in  
12:37:08 24 the order of total gross around 900,000 barrels a  
12:37:14 25 day, and our share of that is a third, so

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12:37:17 2 300,000 barrels a day, and there were forecasts  
12:37:21 3 for that production to increase. It's a bit back  
12:37:24 4 to the license extension, and the question really  
12:37:26 5 was: Will the Nigerian production increase? So  
12:37:30 6 that 300,000 barrels is certainly a significant  
12:37:34 7 portion of our total production, so there was a  
12:37:37 8 lot of emphasis put on that question of the  
12:37:40 9 Nigerian production increase.

12:37:43 10 Q Do you recall at some point having  
12:37:47 11 conversation or discussions with Mr. van der  
12:37:57 12 Vijver regarding whether or not there were ~~exposed~~  
12:38:00 13 reserves because of production issues?

12:38:12 14 A We developed in 2001/2002 and talked  
12:38:17 15 with CMD about reserves that could be at risk for  
12:38:22 16 various reasons, including these license  
12:38:25 17 extensions, so that's, that's, if you will, the  
12:38:33 18 exposure list that we had.

12:38:36 19 Q And can you explain the process by how  
12:38:41 20 that -- how it transpired that you talked with CMD  
12:38:56 21 about reserves that could be at risk for various  
12:38:58 22 reasons.

12:39:01 23 A Yeah, there was a CMD presentation made  
12:39:03 24 and a paper given to CMD on reserves.

12:39:10 25 Q And did you make that presentation?

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12:39:12 2 A Yes.

12:39:16 3 Q When -- what was the genesis of that  
12:39:20 4 presentation? Were you asked by somebody to make  
12:39:23 5 a presentation?

12:39:29 6 A Yes. Well, as part of these analyses,  
12:39:37 7 Walter asked that we show to CMD the situation  
12:39:40 8 with our reserves. It was natural for me and my  
12:39:44 9 organization to help put that presentation  
12:39:46 10 together and to make that presentation, because  
12:39:48 11 again we had people in the organization that were  
12:39:51 12 the most expert to do that.

12:39:57 13 Q Prior to Walter asking you to make the  
12:40:00 14 presentation to the CMD, did you ever have any  
12:40:05 15 conversations with him about the situation with  
12:40:08 16 the reserves?

12:40:20 17 A Walter and I had several discussions in  
12:40:22 18 the 2001/2002 time frame about production and  
12:40:27 19 reserves. I don't recall, you know, specifics of  
12:40:31 20 those. Clearly he wanted to understand in good  
12:40:38 21 detail again what the situation was, so we would  
12:40:41 22 produce a variety of analysis and share with him,  
12:40:46 23 discuss with him the situation in both production  
12:40:51 24 and then, later on, reserves.

12:40:55 25 Q When did you -- obviously I'm not asking

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12:40:59 2 you for a specific date, but when were you able to  
12:41:02 3 give him feedback on what the situation with  
12:41:08 4 respect to reserves was as a result of your  
12:41:11 5 analysis?

12:41:25 6 A Well, that probably would have been in  
12:41:27 7 the latter part of 2001 and the early part of  
12:41:30 8 2002.

12:41:30 9 Q And do you recall generally what that  
12:41:32 10 situation was?

12:41:37 11 A It's really a continuation of our  
12:41:40 12 discussion so far, saying that our proved -- our  
12:41:47 13 ability to get Reserves Replacement Ratios up to  
12:41:51 14 the level we'd like to see is a real challenge.  
12:41:56 15 Again given the kind of projects that we're  
12:41:58 16 looking at, given the kind of production that  
12:42:00 17 we're looking at, et cetera, and in so doing,  
12:42:06 18 collect all kind of the issues we've talked about  
12:42:09 19 and share with him the same listings that we've  
12:42:13 20 talked about in Nigeria and Oman, et cetera, so  
12:42:19 21 again it was a pretty complete, thorough analysis.  
12:42:24 22 Of course, there's still many unanswered questions  
12:42:30 23 and much more we could do, and again this gets  
12:42:34 24 into the activities around the possibility of  
12:42:38 25 license extensions, et cetera. So it wasn't sort

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12:42:42 2 of let's analyze, here's the answer, done with  
12:42:45 3 project. It really was an iterative project that  
12:42:47 4 extended over many months and got updated as  
12:42:51 5 events occurred.

12:43:02 6 Q Do you recall who was working on this  
12:43:07 7 analysis specifically?

12:43:14 8 A Well, I know John Bell by this time  
12:43:17 9 clearly had replaced Roelof. I know John was  
12:43:20 10 involved very, very closely. And then beyond that  
12:43:24 11 I just can't recall the rest of the staff that was  
12:43:26 12 involved. It was finance representatives, of  
12:43:31 13 course. I don't remember the -- I don't remember  
12:43:33 14 who the others are.

12:43:35 15 Q Did any -- was there ever an analysis of  
12:43:39 16 this kind done while you were at EP when Phil  
12:43:53 17 Watts was head of EP?

12:44:03 18 A Well, in the I guess year and roughly  
12:44:07 19 half I was there while he was there, I don't  
12:44:09 20 recall this level of detailed analysis done.  
12:44:16 21 Clearly there was looks at various parts of the  
12:44:20 22 business, and of course, when we put the Business  
12:44:22 23 Plan together, there was also opportunities there  
12:44:24 24 to do cameos on significant parts of the business,  
12:44:27 25 so that would be featured. And of course, he,

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12:44:32 2 himself, would travel from OU to OU, and they  
12:44:35 3 would show him, as he travelled, all the details  
12:44:38 4 of their production, et cetera, but it wasn't  
12:44:41 5 quite the same. It's sort of this new step back,  
12:44:44 6 take a whole comprehensive look at the picture  
12:44:47 7 view that we started in 2001.  
12:44:50 8 MS. MARSHALL: Okay. I see that the  
12:44:52 9 lunch has arrived. If you want, we can take a  
12:44:54 10 break now.  
12:44:55 11 THE WITNESS: Thanks.  
12:44:56 12 THE VIDEOGRAPHER: We are going off the  
12:44:57 13 record. The time is 12:44 p.m.  
12:45:04 14 (Whereupon, the lunch recess was taken.)  
01:43:49 15 THE VIDEOGRAPHER: We are back on the  
01:43:51 16 record. The time is 1:43 p.m.  
01:44:03 17 MS. MARSHALL: Okay, Mr. Brass, I'm  
01:44:04 18 going to show you another document which we'll  
01:44:08 19 mark as Exhibit Number 8 (sic) for identification.  
01:44:12 20 It's a document bearing Bates Number RJW00851015.  
01:44:44 21 Oh, we're on 9. Thank you.  
01:44:46 22 (Exhibit No. 9 was marked for  
01:44:46 23 identification and attached to the deposition  
01:44:46 24 transcript.)  
01:44:46 25



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01:44:48 2 BY MS. MARSHALL:

01:45:13 3 Q Take a moment to read the document. I'm  
01:45:15 4 not sure you need to read the whole thing, but if  
01:45:17 5 you'd like, go ahead.

01:47:06 6 A Okay.

01:47:07 7 Q Do you recognize this document?

01:47:10 8 A Yes. For whatever reason, some of the  
01:47:12 9 charts in the back look like perhaps just  
01:47:15 10 different formatting, which caught my eye, but the  
01:47:20 11 text is clearly the same, and most of the  
01:47:23 12 attachments look familiar.

01:47:25 13 Q And what is this document?

01:47:29 14 A It's a note given to CMD for  
01:47:32 15 information, updating them on our reserves and  
01:47:38 16 more specifically our total hydrocarbon base  
01:47:41 17 situation.

01:47:43 18 Q Earlier you testified that there was a  
01:47:45 19 CMD presentation made and a paper given to CMD on  
01:47:50 20 reserves in the early part of 2002. Was this the  
01:47:55 21 note that you were referring to?

01:47:57 22 A No. I think actually I was referring to  
01:47:58 23 the one that we did a little later, which I, I  
01:48:03 24 can't remember now. It's in the summer or  
01:48:04 25 thereabouts.

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01:48:06 2 Q In July?

01:48:07 3 A Yeah, I think so.

01:48:08 4 Q Okay. Referring to the note that's

01:48:15 5 Exhibit Number 9, did you participate in the

01:48:22 6 preparation of this note?

01:48:25 7 A Yes.

01:48:28 8 Q What was your role?

01:48:29 9 A Reviewer and making changes when talking

01:48:35 10 about it with Walter.

01:48:41 11 Q I'm sorry. I didn't hear that last

01:48:42 12 part.

01:48:43 13 A Yeah, I reviewed it as it was coming up

01:48:45 14 on its way to Walter, and then as Walter asked for

01:48:48 15 changes or edits or corrections, then I made those

01:48:52 16 edits or corrections to the document.

01:48:59 17 Q Who was primarily responsible for

01:49:00 18 putting the note together?

01:49:05 19 A It, it was John Bell and his

01:49:08 20 organization. I don't recall who wrote the note.

01:49:12 21 Q And so drafts of it went to Walter prior

01:49:18 22 to it going to the CMD?

01:49:21 23 A Yeah. The process requires that a CMD

01:49:25 24 member submits documents to CMD, so Walter would

01:49:29 25 have sponsored this to CMD.

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01:49:38 2 Q Did -- do you have any recollection of  
01:49:41 3 any of the input you received from Walter during  
01:49:45 4 the process of review that he went through before  
01:49:56 5 the note was sent to the CMD?

01:50:00 6 A No, I don't recall the specifics of  
01:50:03 7 these comments.

01:50:08 8 Q Was the note put together at his  
01:50:12 9 request?

01:50:17 10 A Yes.

01:50:21 11 Q Do you know why he requested that the  
01:50:22 12 note be put together?

01:50:31 13 A At about this time, increased attention  
01:50:36 14 was put again on reserves. The summer and fall of  
01:50:41 15 2001 was -- a lot of our efforts were consumed by  
01:50:47 16 all the work we did on production, and as a part  
01:50:51 17 of that, of course, we looked at some reserves  
01:50:53 18 work, too, but when that production change was  
01:50:56 19 finally behind us, his attention focused more on  
01:51:00 20 reserves.

01:51:07 21 Q Were there any areas that he expressed  
01:51:15 22 particular concern about?

01:51:20 23 A Areas --

01:51:22 24 Q With respect to reserves contained  
01:51:24 25 within this note.

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01:51:25 2 A Areas of the world or areas of the  
01:51:27 3 document, or --

01:51:28 4 Q Just any areas of particular concern. I  
01:51:31 5 suppose that could mean geographical or otherwise.

01:51:35 6 MR. CLARK: Objection to form.

01:51:38 7 THE WITNESS: Walter, you know, shared  
01:51:41 8 many people's concerns about Nigeria and their  
01:51:43 9 ability to deliver and how much activity we had  
01:51:47 10 there. He was concerned about the, the same look  
01:51:54 11 forward in the Reserves Replacement Ratios and the  
01:51:56 12 decline that we had recently experienced, so  
01:51:59 13 clearly he was, he was concerned about the overall  
01:52:01 14 replenishment of the realize base.

01:52:04 15 He was also concerned about the strength  
01:52:06 16 of the portfolio and did we have actual, the  
01:52:11 17 leases, properties, et cetera, to turn this  
01:52:14 18 around; or another way to do it is through  
01:52:18 19 acquisitions, so the acquisition conversation was  
01:52:20 20 going on very, very much simultaneously to this  
01:52:25 21 conversation.

01:52:29 22 BY MS. MARSHALL:

01:52:30 23 Q Was he encouraging acquisitions?

01:52:32 24 A Yeah, he was quite favorable. If the  
01:52:34 25 right thing was there for the right price, he was,

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01:52:37 2 he was in favor of acquisitions.

01:52:54 3 Q When you said he was also concerned  
01:52:55 4 about the strength of the portfolio and did we  
01:52:59 5 actually have -- "did we have actual, the  
01:53:04 6 releases, properties, et cetera, to turn this  
01:53:08 7 around," what did you mean by -- turn what around?  
01:53:12 8 What was the "this"?

01:53:15 9 A This is per the topic for discussion on  
01:53:17 10 the reserves primarily.

01:53:19 11 Q Okay. If you go to the second page of  
01:53:21 12 this exhibit, which is Bates ending 1016, there's  
01:53:29 13 a heading, "Exposures," and the first heading  
01:53:35 14 under "Exposures" is "Securities and Exchange  
01:53:36 15 Commission (SEC) Alignment," and it states,  
01:53:43 16 "Recently the SEC issued clarifications that make  
01:53:47 17 it apparent that the Group Guidelines for booking  
01:53:50 18 Proved Reserves are no longer fully aligned with  
01:53:52 19 the SEC Rules."

01:53:56 20 Do you recall when you first became  
01:54:07 21 aware of this issue in 2001?

01:54:15 22 MR. CLARK: Objection to form.

01:54:19 23 BY MS. MARSHALL:

01:54:19 24 Q Or did you become aware of this issue in  
01:54:21 25 2001?

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01:54:23 2 A Yes, it was in 2001. As I recall, it  
01:54:27 3 was in the second half of 2001, but I don't, I  
01:54:29 4 don't remember the specific time.

01:54:31 5 Q Do you recall how you became aware of  
01:54:33 6 this issue?

01:54:34 7 A My staff made me aware of it.

01:54:36 8 Q Which members of your staff?

01:54:41 9 A It would have been -- I guess John Bell  
01:54:43 10 was in the role at that time, so it would have  
01:54:45 11 been John Bell, and I don't recall the others, but  
01:54:49 12 John Bell would have been the one.

01:54:51 13 Q What did you do once you became aware of  
01:54:53 14 the issue?

01:54:56 15 A Well, we started to highlight it more  
01:54:58 16 completely. We made analysis as to the areas in  
01:55:02 17 which we saw some discrepancies between Shell  
01:55:05 18 Guidelines and the SEC Rules and Guidance.  
01:55:15 19 Discussions were held, and I won't recall the  
01:55:18 20 details as to when and with who, but discussions  
01:55:22 21 were held with at least Walter. I don't recall if  
01:55:25 22 we also talked to the entire ExCom, but there was  
01:55:29 23 some meetings where these discrepancies were  
01:55:35 24 highlighted.

01:55:37 25 Q And do you recall what the discrepancies

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01:55:39 2 were?

01:55:41 3 A The one that I recall is further  
01:55:44 4 clarification of booking new fields where our  
01:55:48 5 Guidelines were more lenient than the SEC. We  
01:55:52 6 talked a little bit about this earlier, about  
01:55:56 7 moving towards full commitment towards the  
01:55:58 8 project, and in our terminology that would be  
01:56:02 9 making it an economic project, not just a  
01:56:05 10 commercial project. And that's indeed I think  
01:56:09 11 the, the list of projects you see there becoming  
01:56:14 12 samples of those kinds of fields.

01:56:17 13 Q Meaning Gorgon, Ormen Lange, Angola and  
01:56:23 14 Waddenzee?

01:56:25 15 A Yes.

01:56:25 16 Q Where is Waddenzee?

01:56:28 17 A In the Netherlands.

01:56:33 18 Q Do you recall whether there were other  
01:56:36 19 issues or whether there were other areas of  
01:56:43 20 concern about whether the Group Guidelines were  
01:56:46 21 fully aligned with the SEC Rules?

01:56:52 22 A There were other areas. I guess I'm,  
01:57:01 23 I'm just not recalling what they were in the  
01:57:03 24 moment.

01:57:03 25 Q Okay, but you remember there were other

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01:57:05 2 areas; you just don't remember what they were?

01:57:08 3 A Yes.

01:57:08 4 Q Okay. Do you recall what your reaction  
01:57:27 5 was to learning that there were questions  
01:57:39 6 regarding whether the Group Guidelines were  
01:57:42 7 aligned, in fact, with the SEC Rules?

01:57:49 8 A I suppose I was a little surprised and  
01:57:53 9 then also a raised level of concern and beginning  
01:57:59 10 to ask then the question: Well, what does this  
01:58:02 11 mean, and what do we do?

01:58:06 12 Q Who did you ask those questions to?

01:58:09 13 A Again to John Bell.

01:58:12 14 Q What was his response?

01:58:19 15 A Well, first of all, it was all rather  
01:58:20 16 new to us, and so his first response was, well,  
01:58:24 17 let's really try to understand what they  
01:58:27 18 specifically are, how much the impact is, what  
01:58:29 19 fields are potentially falling in these  
01:58:31 20 categories, and that's resulting in sort of this  
01:58:34 21 first paper describing perhaps where those areas  
01:58:38 22 of discrepancy might lead to some, uh, to some  
01:58:41 23 fields that have concerns.

01:58:44 24 Q Do you recall what Mr. Van der Vijver's  
01:58:51 25 response was to the fact that there might be



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01:58:54 2 discrepancies between the Guidelines and the

01:58:55 3 Rules?

01:58:56 4 A No, I don't.

01:58:59 5 Q Do you recall when or whether Mister --

01:59:05 6 do you know whether Mr. Watts was ever made aware

01:59:10 7 of these discrepancies?

01:59:12 8 A Well, this paper, of course, went to

01:59:15 9 CMD, so I can't recall if there was another

01:59:17 10 discussion prior to it, but he certainly would

01:59:20 11 have been made aware as a result of this document.

01:59:23 12 Q Was Anton Barendregt involved in the

01:59:28 13 discussions regarding the discrepancies between

01:59:32 14 the Guidelines and the Rules?

01:59:34 15 A He was not there when I was talking with

01:59:36 16 John on these things. You know, clearly Anton

01:59:40 17 starts highlighting these in his annual summaries,

01:59:46 18 reviews, so he certainly was aware.

02:00:04 19 Q Were there -- in this paragraph it says,

02:00:06 20 "e.g., Gorgon, Ormen Lange, Angola and Waddenzee."

02:00:10 21 Were there other fields that were discussed as

02:00:14 22 potentially being exposed as a result of the SEC

02:00:19 23 Rules not being aligned with or as a result of the

02:00:24 24 Group Guidelines not being aligned with the SEC

02:00:26 25 Rules?

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02:00:37 2 A To my recollection, what we developed  
02:00:38 3 was, further in this process, was this -- the  
02:00:43 4 longer exposure list, and that would have been our  
02:00:46 5 complete list of those that are both misaligned,  
02:00:50 6 potentially, with the SEC and also exposed to  
02:00:55 7 things like license extension. And I guess I  
02:00:59 8 recall that list being the one we referred to, and  
02:01:03 9 I guess I don't remember how many of those were in  
02:01:06 10 Category 1 or Category 2.

02:01:09 11 Q And when this says -- it says here,  
02:01:12 12 "This may expose some 1,000 mln boe of legacy  
02:01:18 13 reserves booking." What does "legacy reserve  
02:01:20 14 booking" mean to you?

02:01:24 15 A Yeah, "legacy," in our company, in our  
02:01:26 16 language, was just historic. It was in the past.

02:01:32 17 Q And it then says, "Where potential  
02:01:35 18 environmental, political or commercial  
02:01:38 19 'showstoppers' exist." What did you mean by a  
02:01:43 20 potential environmental showstopper?

02:01:49 21 A The -- that one particularly referred to  
02:01:52 22 the Waddenzee in the Netherlands, and that field  
02:01:57 23 was in a very sensitive area, environment-  
02:02:01 24 sensitive area, and the big question was whether  
02:02:03 25 or not we would ever get the permits to continue

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02:02:06 2 to drill and produce those fields through the  
02:02:09 3 regulatory agencies in the Netherlands.

02:02:13 4 Q Do you recall there also being an  
02:02:14 5 environmental issue with respect to Gorgon?

02:02:18 6 A Well, Gorgon likewise is -- the question  
02:02:23 7 is where will we put processing facilities if it's  
02:02:27 8 an LNG, and the island that was nearby was a very  
02:02:32 9 environmentally sensitive area.

02:02:34 10 Q What would have been considered a  
02:02:35 11 political showstopper?

02:02:41 12 A Well, looking at this list, I ~~guess~~ I'd  
02:02:45 13 only be, I'd only be guessing. Whenever you're  
02:02:50 14 dealing with again the South African countries  
02:02:53 15 like Angola, there is always an issue with whether  
02:02:58 16 or not licenses are solid, whether or not the  
02:03:02 17 governments can pull them from you, et cetera.

02:03:07 18 Q And what was meant by a commercial  
02:03:10 19 showstopper?

02:03:14 20 A Actually, Angola is probably the  
02:03:16 21 commercial showstopper, the commercial question.  
02:03:21 22 You know, as I'm just sitting here, I bet we meant  
02:03:24 23 Gorgon on political, because there was -- the  
02:03:28 24 Australian -- the lease overlapped, actually,  
02:03:30 25 between -- that area overlaps in part between

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02:03:35 2 jurisdictional limits in waters between countries,  
02:03:38 3 and there was some ongoing struggles between those  
02:03:42 4 countries to resolve those boundaries in the  
02:03:45 5 water.

02:03:53 6 Q When you were working on this document  
02:03:58 7 or looking into these possible exposures, was the  
02:04:06 8 question raised about whether or not these legacy  
02:04:14 9 reserves bookings were going to be -- were going  
02:04:20 10 to need to be de-booked?

02:04:26 11 A You know, I just don't recall that  
02:04:31 12 discussion relative to the document itself. It  
02:04:34 13 certainly is a question that has to go hand in  
02:04:37 14 glove with this topic, but I don't remember any  
02:04:39 15 specifics relative to preparing this document.

02:04:43 16 Q Do you recall whether or not the  
02:04:45 17 question of de-booking with respect to the legacy  
02:04:53 18 reserves came up at the CMD meeting?

02:04:58 19 A No. I wasn't at that meeting, so I  
02:05:00 20 don't know.

02:05:01 21 Q Okay. Did you go to a meeting on -- was  
02:05:04 22 this subject discussed at an ExCom meeting at any  
02:05:09 23 point in time?

02:05:10 24 MR. CLARK: Objection to form.

02:05:23 25 THE WITNESS: It was. Again I don't

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02:05:24 2 remember the timing of that.

02:05:28 3 BY MS. MARSHALL:

02:05:28 4 Q Do you recall whether or not there was

02:05:29 5 an ExCom meeting regarding potential exposures of

02:05:36 6 legacy bookings prior to sending this note to the

02:05:42 7 CMD?

02:05:44 8 A I don't recall. This was a time frame

02:05:59 9 in which the Enterprise acquisition was really

02:06:01 10 getting close to occurrence. I was residing in

02:06:07 11 London for these months, and so during this period

02:06:11 12 of time I would be more apt to be missing some of

02:06:16 13 the ExCom meetings and not . . .

02:06:23 14 Q Okay. If you look at the "End of

02:06:25 15 License" heading underneath the paragraph we were

02:06:30 16 just referring to, it says, "In Oman PDO, Abu

02:06:49 17 Dhabi and Nigeria SPDC (18 percent of EP's current

02:06:55 18 production) no further proved reserves can be

02:06:58 19 booked since it is no longer 'reasonably certain'

02:07:07 20 that the proved reserves will be produced within

02:07:10 21 license. The overall exposure, should the OU

02:07:15 22 business plans not transpire, is 1,300 mln boe."

02:07:23 23 Can you explain what is meant by the statement,

02:07:27 24 "The overall exposure, should the OU business

02:07:31 25 plans not transpire, is 1,300 mln boe."

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02:07:39 2 A Yeah, an equation was done or a  
02:07:43 3 calculation was done, and I will say that the  
02:07:48 4 assumption was that the -- for instance, in  
02:07:52 5 Nigeria, that the significant ramp-up in  
02:07:57 6 production that the Business Plan might propose,  
02:08:00 7 it's the "what if that doesn't happen," and  
02:08:03 8 production is held at a lower level. I can't  
02:08:05 9 remember if it was just held flat or held at a  
02:08:08 10 modest amount of growth, but it was the difference  
02:08:10 11 between what was in the plan and what if those  
02:08:13 12 growths didn't occur, specifically in Abu Dhabi  
02:08:18 13 and Nigeria. It would be a little bit opposite in  
02:08:21 14 Oman; what if it doesn't decline, what if it stays  
02:08:25 15 flat or grows, et cetera. So some, some  
02:08:28 16 assumption was made of a much more -- much, much  
02:08:31 17 more conservative production profile.

02:08:34 18 Q So had the Business Plans been assuming  
02:08:39 19 that there would be bookings made?

02:08:42 20 A No. The Business Plans were assuming,  
02:08:45 21 though, some production profiles that would allow  
02:08:48 22 the produced -- these reserves to be produced  
02:08:51 23 within license, uh, within the license period.

02:08:57 24 Q So were these legacy reserves?

02:09:03 25 A The term "legacy" isn't quite so

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02:09:05 2 applicable here. Yes, the answer is, though, that  
02:09:09 3 these reserves had been on the book for a  
02:09:12 4 considerable amount of time probably.

02:09:13 5 Q Okay. So they had -- the 13 million  
02:09:19 6 Boe had already -- 1,300 Boe had already been  
02:09:24 7 booked --

02:09:27 8 MR. CLARK: 1.3 billion.

02:09:28 9 BY MS. MARSHALL:

02:09:29 10 Q 1.3 billion, thank you, had already been  
02:09:32 11 booked, and if the, if the reserves couldn't be  
02:09:41 12 produced within the license, the -- that's what  
02:09:45 13 the exposure was going to be?

02:09:46 14 A Yeah, it's just an estimate, because --  
02:09:50 15 but yes, that's the concept.

02:10:00 16 Q And when it says "it is no longer  
02:10:08 17 reasonably certain that the proved reserves will  
02:10:11 18 be produced within license," do you recall how the  
02:10:23 19 "reasonably certain" or "reasonably certain  
02:10:26 20 standard" worked? What was required in order for  
02:10:36 21 something to be reasonably certain to be produced  
02:10:39 22 within license?

02:10:45 23 A I guess it's the measured view of the  
02:10:49 24 experienced people whether that's -- you know, the  
02:10:53 25 ExCom or the Regional Director or the OU

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02:10:57 2 themselves, the discussion about the confidence  
02:11:00 3 they have in those reserves being produced.

02:11:03 4 Q Do you know when this conclusion was  
02:11:05 5 reached? And by "conclusion" I mean it is no  
02:11:10 6 longer reasonably certain that the Proved Reserves  
02:11:12 7 will be produced within license.

02:11:15 8 A No.

02:11:17 9 MR. MORSE: Objection to form.

02:11:21 10 BY MS. MARSHALL:

02:11:22 11 Q When was the first time you can recall  
02:11:24 12 hearing that it was no longer reasonably certain  
02:11:31 13 that the Proved Reserves would be produced within  
02:11:34 14 license?

02:11:36 15 MR. CLARK: Same objection.

02:11:37 16 MR. MORSE: Yeah.

02:11:38 17 THE WITNESS: I don't recall.

02:11:39 18 BY MS. MARSHALL:

02:11:39 19 Q Did you agree with this statement in  
02:11:46 20 February of 2002 that it was no longer reasonably  
02:11:53 21 certain that the Proved Reserves would be produced  
02:11:56 22 within the license?

02:11:59 23 MS. WICKHEM: Objection to form.

02:12:00 24 MR. MORSE: Same objection.

02:12:05 25 THE WITNESS: I'm sorry. Could you ask



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02:12:06 2 it now again.  
02:12:09 3 BY MS. MARSHALL:  
02:12:10 4 Q Sure. If you look at the document in  
02:12:11 5 front of you, that first sentence under "End of  
02:12:15 6 License" --  
02:12:15 7 A Right.  
02:12:17 8 Q -- which reads, "In Oman PDO, Abu Dhabi  
02:12:22 9 and Nigeria SPDC (18 percent of EP's current  
02:12:26 10 production) no further proved reserves can be  
02:12:29 11 booked since it is no longer 'reasonably certain'  
02:12:31 12 that the proved reserves will be produced within  
02:12:33 13 license," at the time this document was created,  
02:12:39 14 did you agree with that statement?  
02:12:43 15 A For Nigeria I would say yes. I  
02:12:47 16 personally knew a little bit less about Abu Dhabi  
02:12:53 17 and Oman.  
02:13:00 18 Q Do you know whether any -- do you know  
02:13:22 19 whether or not Mr. Van der Vijver agreed with this  
02:13:27 20 statement when this document was created?  
02:13:37 21 A He would tend to edit things that he  
02:13:39 22 didn't want in the document. I guess technically  
02:13:42 23 I don't know, but he certainly left this statement  
02:13:46 24 in the document.  
02:13:49 25 Q Was he the sponsor of the document?

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02:13:55 2 A Yes.

02:14:12 3 Q If you look at the next page, there's a  
02:14:15 4 heading under "Historical" -- under "Appraisal" it  
02:14:20 5 says "Historical Perspective." Do you recall ever  
02:14:42 6 being asked to look at the previous year's Proved  
02:14:55 7 Reserves additions in connection with the creation  
02:14:57 8 of this document?

02:14:59 9 A Yes. I only hesitate because we were  
02:15:04 10 asked to do that. I'm not sure if it had already  
02:15:06 11 been done by the time we got around to making the  
02:15:11 12 document or it was part of this process, but yes,  
02:15:11 13 we were.

02:15:12 14 Q And who asked you to look at that?

02:15:14 15 A Walter.

02:15:23 16 Q Do you know why he asked you to look at  
02:15:24 17 that?

02:15:27 18 A Well, my, my interpretation would be  
02:15:32 19 that whenever you're trying to describe to someone  
02:15:37 20 what your current situation is, you have to give  
02:15:39 21 them some perspective as to where you've been, and  
02:15:42 22 this one is no exception to that. In addition to  
02:15:46 23 that, as we've seen in others, and he knew very  
02:15:50 24 well as well, there was, as this note says, sort  
02:15:52 25 of a "bookings rich" period in the not so distant

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02:15:59 2 future, so it was important to be able to put it  
02:16:01 3 in perspective, and, as we usually do, and we  
02:16:05 4 talked about, too, that one year is not  
02:16:07 5 necessarily all that critical, when you look at  
02:16:09 6 three-year rolling averages, five-year rolling  
02:16:13 7 averages, those are critical.

02:16:14 8 Q When was the "booking rich" period you  
02:16:16 9 just referred to?

02:16:17 10 A Well, the note was referring to '96  
02:16:20 11 to '98, 1996 to 1998.

02:16:42 12 Q Do you recall whether or not Walter van  
02:16:45 13 der Vijver traveled to Oman in an effort to secure  
02:16:52 14 the license extension?

02:17:02 15 A Oh, I'm trying to put together the time,  
02:17:06 16 because the final -- in final form, the license  
02:17:09 17 got signed when Malcolm was the head of E&P, but  
02:17:16 18 having said that, yes, I am -- I'm sure that  
02:17:18 19 Walter made a trip or two for the License  
02:17:21 20 Extension Oman as well.

02:17:31 21 Q You said when you first looked at this  
02:17:33 22 document that the tables looked different. Do you  
02:17:39 23 think you -- is that the content or the way it's  
02:17:42 24 printed out?

02:17:44 25 A I think it's just the way it's printed

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02:17:45 2 out. It's -- the first two just struck me as  
02:17:48 3 looking different, but I recognize, I recognize  
02:17:52 4 enough numbers to believe that they're the same.

02:18:03 5 Q With respect to the Enterprise  
02:18:06 6 acquisition, is that an acquisition that was  
02:18:13 7 eventually completed?

02:18:15 8 A Yes.

02:18:18 9 Q Was there ever a reserve booking issue  
02:18:22 10 with respect to Enterprise?

02:18:25 11 A We -- upon acquisition and bringing into  
02:18:29 12 our portfolio, we did do an audit very quickly, an  
02:18:33 13 audit of as many of the fields as we could. Most  
02:18:38 14 of them looked to be in acceptable condition;  
02:18:43 15 however, two fields were noted in Anton's report  
02:18:49 16 as ones that would probably need either further  
02:18:54 17 analysis or potentially de-booking the following  
02:18:57 18 year, and that was the Russian company, KMOC, and  
02:19:01 19 part of the field in Italy called Tempa Rossa.

02:19:07 20 Q What were the problems or potential  
02:19:09 21 problems with those fields?

02:19:18 22 A It was in the general category of  
02:19:19 23 booking without complete Development Plans and  
02:19:24 24 Investment Plans for portions of the field.

02:19:38 25 Q Do you recall what the ultimate decision

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02:19:43 2 was with respect to the booking of those fields?

02:19:47 3 A In the fall of 2000 or at the end of  
02:19:50 4 2000 we decided at that moment not to de-book  
02:19:54 5 those two fields; however, if they were not to be  
02:19:59 6 viewed differently or action taken differently in  
02:20:03 7 2003, we would have to de-book them in 2003.

02:20:07 8 Q Do you know if they ultimately were  
02:20:08 9 de-booked?

02:20:10 10 A We sold KMOC very soon into that next  
02:20:14 11 year, and Tempa Rossa I don't recall.

02:20:25 12 Q Why was the decision made to ~~wait~~ until  
02:20:38 13 2003 if they were not to be viewed differently,  
02:20:44 14 which I think were your words?

02:20:47 15 A Yeah. Some of it was, I suppose, the  
02:21:02 16 idea that additional analysis would help. I  
02:21:05 17 recall in those discussions, too, we knew -- and  
02:21:08 18 we did not control KMOC. We knew the, the primary  
02:21:13 19 owners were having it under sale, and in fact, the  
02:21:17 20 sale was almost reaching a point nearing  
02:21:20 21 completion. That was in our conversation. I'm  
02:21:22 22 not saying that was a reason to book or not book.  
02:21:25 23 I'm just trying to remember the elements of the  
02:21:28 24 discussions we were in at the time.

02:21:43 25 Q I'm going to -- do you know who -- do

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02:21:53 2 you know at what level the decision was made  
02:21:56 3 regarding the bookings for Enterprise?

02:22:12 4 A No, I can't recall.

02:22:14 5 MS. MARSHALL: I'm going to show you a  
02:22:15 6 document that we'll mark as Exhibit 10 for  
02:22:17 7 identification. It bears Bates Number V00010188  
02:22:22 8 through 10211.

02:22:32 9 (Exhibit No. 10 was marked for  
02:22:32 10 identification and attached to the deposition  
02:22:32 11 transcript.)

02:24:45 12 THE WITNESS: Okay.

02:24:46 13 BY MS. MARSHALL:

02:24:47 14 Q Do you recognize this document?

02:24:50 15 A I recognize the slides, yes.

02:24:53 16 Q What are these slides from?

02:24:57 17 A Actually I was just trying to figure  
02:24:58 18 that out. I see the date on them is February 4th,  
02:25:06 19 and I see that's, you know, before the note that  
02:25:09 20 we just talked about that went to CMD, so I wish  
02:25:17 21 it was marked on here, but I'd have to say it was  
02:25:20 22 an ExCom meeting of February 4, 2002.

02:25:28 23 Q Is it --

02:25:32 24 A It's entitled "Reserves Presentation."  
02:25:33 25 I think if we go back a couple years to the Roelof