Part 5
JOHN RICHARD PAY

those conversations specifically refer to this
script, I can't remember. Certainly there were
conversations in relation to the
recategorization exercise.

Q. And what was -- I'm sorry, what
were the sum and substance of those
counters with Mr. Van der Vijver?

A. I can't recall specific details of
them.

Q. As far as you can recollect they
concerned the recategorization?

A. Yes. And I would say that there
was -- the atmosphere at the time was to try to
ensure that we made the recategorization as full
and as accurate as we could, so there was a
drive for completeness in the analysis and an
understanding of what components there were in
the recategorization. It was in that nature
that I recall the tone and tenor of the
counters that we had.

Q. And in that regard was Mr. Van der
Vijver pushing for transparency and
completeness?

A. I wouldn't characterize -- I don't
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recall a push on his part, no. I wouldn't
characterize it in the terms that you just used.

Q. How would you characterize it?
A. I don't know what Mr. Van der
Vijver was pushing for or wanting, but the
discussions I had with him were in relation to
the detail and completeness of the assessment.

Q. That's what I'm referring to, those conversations?

MR. TUTTLE: Object to the form.
I'm not sure that's a question.

MR. HABER: I'm referring to those
conversations, did he understand that Mr. Van
der Vijver was advocating for completeness and
transparency in the work that was being done,
that you were doing?

MR. TUTTLE: Objection, asked and
answered. I think he just testified as to his
understanding of those conversations, but you
can tell him again.

BY MR. HABER:

Q. You can answer.
A. I don't know how else to express
it than I already have.
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My recollection is that there was
an interest in understanding what the components
were and what the volumes were and what the
status of the evaluation was, progress reports,
updates, how does it look now? What's the
latest, how are you getting along with the
documents, things like that type of questions.

Q. Okay. Now, looking at the e-mail
from Mr. Coopman to the recipients, Mr. Bell,
Bichsel, and Darley. He says, "please find
attached our draft note which is now with
Walter, no comments as yet. My functional boss
is not happy."

Do you have an understanding as to
why Mr. Coopman said his functional boss is not
happy?

A. Mr. Coopman indicated to me
verbally that Ms. Boynton had expressed her
disappointment with the document to him.

Q. And was Ms. Boynton Mr. Coopman's
functional boss?

MS. WICKHEM: Object to form,

foundation.

THE WITNESS: I didn't know. We
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referred earlier to doted relationships. I
don't know that he had a reporting relationship
to her.

BY MR. HABER:

Q. When Mr. Coopman indicated to you
verbally that Ms. Boynton had expressed her
disappointment with the document do you recall
the sum and substance of what he said?

A. Really, beyond saying that she was
angry that this note had been issued by e-mail
without prewarning, beyond that I don't recall
any specific comments.

Q. Did Mr. Coopman say that during
the discussion he had with Ms. Boynton she had
made a comment about the content of the
document?

A. Not that I recall.

Q. Did Mr. Cooper say that during the
discussion he had with Ms. Boynton she had made
a comment about the decision to debook reserves
that's reflected in the document?

MR. TUTTLE: Objection,

THE WITNESS: Again, not that I
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recall.

BY MR. HABER:

Q. Did there come a time where you
learned what Mr. Van der Vijver had said once he
had reviewed this document?

A. Yes.

Q. And what did you learn was Mr. Van
der Vijver's response?

A. Shortly after the e-mail was
issued, when is I think is a matter of public
record, I understand that Mr. Van der Vijver
suggested that the document ought to be
destroyed, that it wasn't what he had asked for
in his e-mail that we referred to in the
previous exhibit, and I was shown that e-mail on
Mr. Coopman's computer screen.

Q. Did you understand Mr. Van der
Vijver to be directing you or Mr. Coopman to
destroy the document?

A. Well, I didn't destroy my copy. I
didn't understand -- well, I didn't understand
it to be an instruction to destroy the document.
I didn't destroy my copy.

Q. If you didn't understand his
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response to be an instruction to destroy the
document, what was your understanding of what he
was saying?

MR. TUTTLE: Objection,

argumentative.

BY MR. HABER:

Q. You can answer.

A. My understanding of what he was
saying was that he realized the importance of
the message he had received and obviously was
upset about it in terms of its forward
implications.

(Pay Exhibit Number 20 was marked
for identification.)

BY MR. HABER:

Q. I'm going to mark as Pay
Exhibit 20 an e-mail from Walter van der Vijver.
It's actually two e-mails. The last of the
e-mails is from Walter van der Vijver, it's
dated December 2, 2003, and it's to Frank
Coopman, re reserves. The Bates number is
RJW00750996.

A. Yes.

Q. Have you seen this e-mail before
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today?

A. It appears to be the one I was
referring to in my previous answer.

Q. Do you recall having a
conversation with Mr. Coopman after Mr. Coopman
had received this e-mail?

A. I recall that I did have a
conversation with Mr. Coopman, because
Mr. Coopman invited me to review this e-mail on
his screen. However, I cannot sitting here
today recall precisely what was said in that
conversation.

Q. Were you surprised by Mr. Van der
Vijver's reaction?

A. Actually, no.

Q. Do you know if -- withdrawn.

If you look at the last paragraph,
in particular the last sentence, he says, "I
have been absolute clear on this at numerous
occasions." And I believe the reference there
is to flagging issues and creating options and
not making firm recommendations?

MR. TUTTLE: Object to form,

characterization of the document.
BY MR. HABER:

Q. Am I correct that that's the reference in this e-mail?

A. I don't know. I don't recall having any conversations with Mr. Van der Vijver in which he made such issues clear to me, so I can only speak for myself.

MR. FERRARA: It's 5:15. After two days --

MR. HABER: We are coming to an end.

MR. FERRARA: Can we end it?

MR. HABER: Shortly.

MR. FERRARA: How shortly?

MR. HABER: 20 minutes.

MR. FERRARA: It's 5:15. We asked to be out by 5:00. You said we would be done by 5:00.

MR. HABER: I said 5:00, 5:30ish is what I said, and I intend to try to honor that. I also said that he would be able to leave well in advance of the train that he has to catch.

BY MR. HABER:
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Q. Now, I just want to ask you a couple questions about the reserves guidelines. I believe yesterday you had testified that that was one of the responsibilities of the group reserves coordinator; correct?

A. Yes.

Q. And during your tenure did you revise Shell's internal reserves reporting guidelines?

A. Yes, I did.

Q. And do you recall the reasons why the guidelines needed to be revised?

MR. TUTTLE: Object to form. I just want to make sure he understands you're asking him for each one of the revisions, the reason why each revision was made.


MR. TUTTLE: I object at the end of two days to ask him to recall a document. If you have the document you can put it in front of him.

MR. HABER: I'm just asking for his general recollection as to why he revised
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the guidelines.

THE WITNESS: Primarily to seek to
add clarity to the document in the way that it
should be used in the preparation of proved
reserves estimates. Whilst that had been the
objective of the revision that my predecessor
had made, Mr. Roosch, in April 2002, my
observation at the end of 2002 was still that
people had -- people who were using the document
had some difficulty understanding precisely what
was required of them, so I made some revisions
to attempt to correct that.

BY MR. HABER:

Q. Now, generally -- I'm sorry. I
was going to ask you generally do you recall
what the revisions were?

A. Well, I would -- my recollection
is that in general they were to add clarity. I
believe there were some areas where we also
adjusted the criteria for proved reserves
booking, particularly in relation to project
technical maturity and commercial maturity
around VAR 3 and FID milestones to make it
clearer which projects should be considered at
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each of those milestones for proved reserves attribution.

Q. Were these -- the revisions to the guidelines, did they need to be approved by the ExCom?

A. Yes.

Q. And were your proposed revisions to the guidelines approved by the ExCom?

A. I can't recall specifically getting such approval. I find it inconceivable that I would have issued them without approval.

Q. Were the guidelines to be applied prospectively?

A. That was the intention, yes.

Q. Was there any intention to apply these guidelines looking backward, retroactively?

A. At the time it was considered that that would not be necessary.

Q. And why is that?

A. For the reason that we wished to improve our perceived -- our compliance with the SEC rules, but not in so doing to create a large negative reduction in our reserves balance which
John Richard Pay would only be added again within a short period of time through the projects concerned meeting the revised prospective criteria. This was the yo-yoing effect that at the time it was felt would be an unnecessary consequence of us improving our criteria.

Q. Are the guidelines today applied retroactively, as well as prospectively?

Mr. Tuttle: Objection to form, foundation.

The Witness: I don't know, I'm not involved in reserves estimating process today.

Mr. Haber: Okay. I have nothing further. So I want to thank you very much, Mr. Pay, and I appreciate you sitting through these two days.

The Videographer: This marks the end of the deposition.

Mr. Ferrara: Oh, no. Give us an opportunity to determine whether we have any questions.

Mr. Tuttle: Before you close the record.
JOHN RICHARD PAY

THE VIDEOGRAPHER: We're going off the record. The time is 5:20 p.m.

(A brief recess was taken.)

THE VIDEOGRAPHER: We are back on the record. The time is 5:25 p.m.

EXAMINATION BY COUNSEL FOR SHELL AND THE WITNESS

BY MR. TUTTLE:

Q. Mr. Haber, we just have one follow-up question which is a follow-up to one of your questions earlier.

Mr. Pay, Mr. Haber asked you earlier if you were surprised at Mr. Van der Vijver's reaction to the script from Walter and I believe your answer to that question was no. Why weren't you surprised?

A. Well, I wasn't surprised. When Walter got angry or upset he kind of expressed himself in extravagant ways. I characterize this as an example of that. It was an example of Walter being angry or upset about an issue and he tended to use language of that type.
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MR. TUTTLE: Okay. Thank you. We have nothing further.

MR. HABER: Can I just follow up?

MR. TUTTLE: Sure.

EXAMINATION BY COUNSEL FOR LEAD PLAINTIFF IN THE CLASS

BY MR. HABER:

Q. Did you -- so did you understand Mr. Van der Vijver's response to be one of anger about the recommendation to debook?

A. I said anger or surprise or upset, whatever. I understood the reaction to be Walter being upset to find the reality of the situation in which we all found ourselves and which to a large extent we all shared in.

Q. And prior to this time did Mr. Van der Vijver ever communicate a sentiment to you about wiping the slate clean?

A. He had used that type of terminology in the past.

Q. Do you recall when he used that terminology?
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A. I believe not long before then.

Towards the end of 2003 I seem to recall a suggestion, which I think was only a suggestion, that Mr. Van der Vijver was suggesting that maybe we could -- I don't know if he actually said wipe the slate clean, but words to that effect. Restate our 1/1/2003 balance and then proceed from there.

MR. HABER: I have nothing further.

MR. TUTTLE: We're done.

THE VIDEOGRAPHER: This marks the end of the deposition of Mr. Pay. Total number of tapes used today was three. We're going off the record. The time is 5:28 p.m.

(Whereupon, at 5:28 p.m., the deposition was concluded.)
JOHN RICHARD PAY

ACKNOWLEDGMENT OF DEPONENT

UNITED STATES DISTRICT COURT

I do hereby acknowledge that I have read and examined the foregoing pages of the transcript of my deposition and that:

(Check appropriate box):

( ) the same is a true, correct and complete transcription of the answers given by me to the questions therein recorded.

( ) except for the changes noted in the attached errata sheet, the same is a true, correct and complete transcription of the answers given by me to the questions therein recorded.

DATE __________________________ SIGNATURE __________________________

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JOHN RICHARD PAY
CERTIFICATE OF NOTARY PUBLIC

I, Paula G. Satkin, the officer before whom the foregoing proceedings were taken, do hereby certify that the witness whose testimony appears in the foregoing proceeding was duly sworn by me; that the testimony of said witness was taken by me in stenotype and thereafter reduced to typewriting under my direction; that said proceedings is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.

My commission expires October 31, 2010.

[Signature]

PAULA G. SATKIN
Notary Public in and for the District of Columbia
I wish to make the following changes, for the following reasons:

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Subscribed and sworn to before me this _____ day of ________, 2007