

**Exhibit KK**

IN THE UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

ORIGINAL

-----x  
In Re: ROYAL DUTCH/SHELL TRANSPORT Civil Action No.  
SECURITIES LITIGATION. 04-3749 (JAP)  
Consolidated Case  
-----x

October 31, 2006

10:05 a.m.

VOLUME II

Continued Videotaped Deposition of  
RODNEY SIDLE, held at the offices of LeBoeuf  
Lamb Greene & MacRae LLP, 125 West 55th Street,  
New York, New York, before Frank J. Bas, a  
Registered Professional Reporter and Notary  
Public of the State of New York.



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10:05:03 1  
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RODNEY SIDLE

VIDEOGRAPHER: We're now recording  
and on the record. Today is October 31,  
2006. The time is approximately 10:05 a.m.

This is the beginning of tape number  
5 in the continued deposition of Rodney  
Sidle in the matter of Royal Dutch/Shell  
Transport Securities Litigation. All  
attorneys present will be noted by our  
court reporter, and we also remind the  
witness that you're still under oath.

R O D N E Y S I D L E,

resumed as a witness, having been  
previously sworn by the Notary Public,  
was examined and testified further as  
follows:

EXAMINATION (Cont'd)

BY MR. MacFALL:

Q. Good morning, Mr. Sidle.

A. Good morning.

Q. Yesterday before we broke, we were  
discussing Exhibit 9, which was a draft that you  
commented upon concerning certain reserves  
within the group. I would like you to get  
Exhibit 9 in front of you again, if you could.

10:06:18 1

RODNEY SIDLE

10:06:20 2

I just want to ask some follow-up questions and

10:06:25 3

then we'll finish that off.

10:06:26 4

A. Of course.

10:06:28 5

Q. Thank you. If I could ask you, sir,

10:06:37 6

to turn to page 7881. Do you have it, sir?

10:06:38 7

A. I have it.

10:06:40 8

Q. I would note that at the top of the

10:06:45 9

page it reads General Comments From Rod Sidle on

10:06:47 10

EP Proved Reserves Management Topics.

10:06:49 11

I take it, sir, that you drafted

10:06:50 12

this portion of this document?

10:06:51 13

A. I believe so. Yes.

10:06:57 14

Q. What was the purpose of your

10:06:59 15

drafting this material?

10:07:02 16

A. I had been given the preceding

10:07:08 17

document as a draft by John Pay for comment. I

10:07:11 18

provided comments both specific within the

10:07:13 19

document that we reviewed yesterday, some of

10:07:17 20

those, as well as I also provided some general

10:07:19 21

thoughts that weren't specific to any particular

10:07:22 22

section, and therefore they were collected as a

10:07:25 23

separate document at the end. This is the first

10:07:29 24

page of that series of general comments.

25

Q. Thank you. Directing your attention

10:07:31 1

RODNEY SIDLE

10:07:33 2

on that same page specifically to the first

10:07:36 3

bullet point. It references something called

10:07:40 4

T&OE. Can you identify that for me, sir?

10:07:45 5

A. Yes. An organization within Shell

10:07:51 6

EP's technical community was called Technical &

10:07:54 7

Operating Excellence. It was a group of

10:07:58 8

specialists, chief reservoir engineers, chief

10:08:03 9

geologists, people like that, who were put into

10:08:06 10

a separate organization within the technology

10:08:11 11

department to try to advance Shell's

10:08:16 12

capabilities in their various technical arenas.

10:08:17 13

Q. Were you a member of that

10:08:18 14

organization, sir?

10:08:20 15

A. At that time, no, I was not.

10:08:21 16

Q. Did you subsequently become a member

10:08:22 17

of that organization?

10:08:25 18

A. Yes. Yes, in the position I'm in

10:08:26 19

now, I'm part of T&OE.

10:08:32 20

Q. Okay. Did that change -- or did

10:08:37 21

membership in that organization occur sometime

10:08:39 22

in the beginning of 2004?

10:08:43 23

A. It was when I moved into my current

10:08:46 24

position, it was about the middle of 2004.

25

Q. Thank you. Your reference to T&OE



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RODNEY SIDLE

here was with regard to improving the reserve booking process, according to the document. Do you recall if you had specific recommendations with regard to their involvement in the reserve booking process?

A. Yes. Yes. Among them, if you go down two bullets, to the OU reserves focal points, was to engage the community that provided the service of capturing the data at the OU and sub OU levels to get that group together, which had never actually assembled as an entity and talk about issues, efficiencies, understandings. We already referenced the ARPR, a large database that required population and collection every year. A number of process issues of how to ensure full understanding and make the overall processes as efficient as possible.

We also looked at things like training; how could we improve the materials that were available to provide people better understanding of what the Shell guidelines actually meant, in addition to just publishing a document.

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RODNEY SIDLE

So those are two examples.

Q. And actually in the second bullet point, you reference certain OU's and proved reserve management practices, you specifically cite SEPCO in connection with such practices.

Could you please, briefly, describe for me the reserve management practices that were employed by SEPCO? And I know you touched on that yesterday, but if you could expand upon that.

A. Certainly. Certainly. Among the things that were done in SEPCO, first in terms of education, because that's the place you need to start with the staff, we provided them with the documents that they needed to understand the rules, not just the 1100, but as I've mentioned several times, an adaption of that, and an expansion of that, that was specific to US operations, to the SEPCO business practices, so that they had a good understanding in the way they worked in that business, how that related. So that's a document.

We also did annual training. We went to the various places within SEPCO where

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RODNEY SIDLE

reservoir engineers did their work and provided a training session at least once a year to give them guidance, just generally, okay, now here's a set of written rules, what do those mean; how do you apply them. That was an important part of it.

We also had consultation, so in addition to the review process where we looked at completed work, was it right or was it not, we provided hands -- you know, one-on-one training, so when they had some specific questions -- and many times reserve rules applied to unique situations, you can't always generalize and anticipate everything -- then we would work with them to help understand how the rules would apply to their situation. So that's all part of the education process.

Then we had the assurance validation process, and we've been through that -- the quarterly reviews and the annual review.

We also had the data capture process. So once you train them, they've generated numbers, you reviewed them, you've got the numbers that are the proper numbers, then

10:12:29 1

RODNEY SIDLE

10:12:31 2

you have to capture them in some way. So you

10:12:34 3

fill out data forms. They're sent in, there's a

10:12:38 4

QC process of that data. Then there's the

10:12:40 5

assimilation of that data totalling an analysis.

10:12:42 6

All of those are elements of just

10:12:44 7

managing the processes that get you to the

10:12:46 8

proper reserves.

10:12:48 9

Q. With respect to the training aspect

10:12:52 10

of that, were you involved in the training

10:12:56 11

portion of that program, or reserves management

10:12:57 12

practices process?

10:12:58 13

A. Within SEPCO, yes, I was.

10:13:02 14

Q. Was there anyone else involved in

10:13:04 15

that portion of those processes?

10:13:08 16

A. The training typically was delivered

10:13:11 17

by me on what the rules meant, and delivered by

10:13:15 18

A.J. Durrani on the data capture and reporting

10:13:17 19

rules, so how to fill out the spreadsheets and

10:13:18 20

things like that.

10:13:20 21

Q. When you say what the rules meant,

10:13:23 22

are you referencing the Shell guidelines, the

10:13:24 23

group guidelines?

10:13:25 24

A. The SEPCO --

25

Q. The SEPCO guidelines?

10:13:26 1

RODNEY SIDLE

10:13:29 2

A. Yes. The group guidelines were the

10:13:31 3

framework in which the SEPCO guidelines fit, and

10:13:33 4

so we typically would talk about the things that

10:13:35 5

specifically applied to the US, because that was

10:13:38 6

my focus, that was their interest, and that's

10:13:39 7

what we talked about.

10:13:40 8

Q. Do you recall if during that

10:13:44 9

training process you also discussed SEC Rule

10:13:44 10

4-10?

10:13:48 11

A. Yes. Yes. I've got a famous slide

10:13:50 12

that I used at every single one of them where we

10:13:58 13

showed 4-10 and showed the foundation for the

10:13:59 14

SEPCO rules.

10:14:01 15

Q. Your recommendation that reserve

10:14:03 16

booking and management practices be adopted in

10:14:07 17

the group, can I take it from that that no such

10:14:09 18

process, that you are aware of, existed in the

10:14:10 19

group at that time?

10:14:12 20

A. I wouldn't say -- I didn't know

10:14:16 21

exactly what the process was. I was certainly

10:14:19 22

aware of the part that touched me, but that

10:14:20 23

wasn't necessarily everything.

10:14:23 24

My intent, in general responses to

25

this document, was just as in that second

10:14:25 1

RODNEY SIDLE

10:14:28 2

bullet, to share what we were doing, and

10:14:30 3

actually to encourage everyone else around the

10:14:32 4

world to share what they were doing, so that as

10:14:35 5

a collective, with that dialogue, we could look

10:14:38 6

for some combination or extension of that that

10:14:41 7

would fit the international needs.

10:14:43 8

Q. Were you aware if the group had a

10:14:45 9

group-wide training process in place at this

10:14:46 10

time?

10:14:52 11

A. At that point I had never

10:14:54 12

participated in any training, but I wasn't

10:14:57 13

specifically aware that there was or was not.

10:15:01 14

Q. I would like now to direct your

10:15:04 15

attention to the last bullet point that appears

10:15:08 16

on that same page, underneath the caption "Other

10:15:09 17

Thoughts." Do you see that, sir?

10:15:09 18

A. Yes.

10:15:14 19

Q. Next to the bullet point you wrote:

10:15:17 20

"Control of 'low quality' proved reserves often

10:15:20 21

requires active enforcement of booking rules by

10:15:24 22

a frequent (at least near year end) audit of

10:15:28 23

reserves bookings before they are accepted."

10:15:30 24

My first question is with respect to

25

your reference to "low quality proved reserve,"

10:15:34 1

RODNEY SIDLE

10:15:35 2

what did you mean by that?

10:15:38 3

A. Well, you may remember my reference

10:15:41 4

yesterday to reserve reviewers simply being able

10:15:46 5

to smell when there were situations -- not hard

10:15:49 6

evidence, so you couldn't make a judgment --

10:15:51 7

just the situations that existed, where you just

10:15:54 8

felt you need to dig deeper to understand. That

10:15:56 9

was the sort of thing.

10:16:00 10

Places where -- actually, I don't

10:16:01 11

like using sports analogies, because

10:16:03 12

internationally, because every time I say

10:16:06 13

football outside of the US, they don't know what

10:16:09 14

I mean, but in the sense of a football game, the

10:16:12 15

quarterback has to be able to sense that there's

10:16:18 16

a lineman in his blind side about to hit him.

10:16:23 17

You don't see it, you don't have hard evidence,

10:16:23 18

but you have to sense that that's the case.

10:16:23 19

So that's exactly the case here.

10:16:25 20

You have to sense that there are things out

10:16:28 21

there that you need to investigate to get hard

10:16:29 22

data on to be able to make a good decision.

10:16:31 23

Q. Am I correct that you were

10:16:34 24

recommending an audit of reserves bookings on an

25

annual basis in that bullet point?

10:16:37 1

RODNEY SIDLE

10:16:39 2

A. What I noted here was, as I did

10:16:43 3

throughout the document, offer my observations

10:16:45 4

and suggestions, and I noted that what I was

10:16:47 5

familiar with within SEPCO, what I was familiar

10:16:49 6

with with other companies, was an annual

10:16:55 7

process.

10:16:57 8

Q. Did you receive feedback with

10:17:01 9

respect to that recommendation, specifically the

10:17:03 10

annual -- or the possibility of an annual audit?

10:17:06 11

A. I don't remember if it was to the

10:17:10 12

reference of this written text or just other

10:17:11 13

conversations, but I think, mas I mentioned

10:17:15 14

yesterday, I spoke with Anton about that idea,

10:17:18 15

and he mentioned that resource limitations made

10:17:23 16

it very difficult for a single auditor to visit

10:17:27 17

every OU every year.

10:17:30 18

Q. How about with respect to the prior

10:17:33 19

bullet points, the three that precede that which

10:17:37 20

talk about the, or implementing a training

10:17:37 21

process.

10:17:40 22

Do you recall having -- withdrawn.

10:17:41 23

Do you recall if you received any

10:17:43 24

feedback with regard to those suggestions or

25

comments?