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

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6 IN RE ROYAL DUTCH/SHELL TRANSPORT
7 SECURITIES LITIGATION

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8

October 31, 2006

9

10:09 a.m.

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11 Videotaped deposition of MATTHIAS
12 BICHSEL, taken by Lead Plaintiff and the
13 Class, at the offices of LeBoeuf, Lamb,
14 Greene & MacRae LLP, 125 West 55th
15 Street, New York, New York, before Gail
16 F. Schorr, a Certified Shorthand
17 Reporter, Certified Realtime Reporter and
18 Notary Public within and for the State of
19 New York.

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2 A P P E A R A N C E S:
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2 A P P E A R A N C E S (Continued):

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18 BY: AIMEE D. LATIMER, ESQ.

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20 ALSO PRESENT:
21 NICO MINERVA
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22
ARIK KATZAP, Legal Assistant
23 Bernstein Liebhard & Lifshitz, LLP
24 DAVID PELOZA, Video Operator
Action Legal Video, Inc.

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2 THE VIDEO OPERATOR: This is
3 the video operator speaking, David Peloza,
4 from LegaLink Action Video. Today's
5 date's October 31st, 2006. The time is
6 10:09. We're at the offices of LeBoeuf,
7 Lamb, 125 West 55th Street, for the
8 deposition of Mr. Bichsel, in the matter
9 Royal Dutch/Shell Transport Securities
10 Litigation.

11 I'd like the attorneys to
12 introduce themselves starting with the
13 plaintiffs' attorney first. And can
14 you go real slow for the court
15 reporter, please.

16 MR. ARANOFF: Ronald

17 Aranoff, Bernstein Liebhard & Lifshitz,
18 on behalf of Peter M. Wood and the
19 class.

20 MS. AKRAM: Amina Akram from
21 Bernstein Liebhard & Lifshitz, on behalf
22 of the lead plaintiff.

23 MR. HABER: Jeffrey Haber
24 from Bernstein Liebhard & Lipshitz, on
25 behalf of the lead plaintiff Peter M.

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2 Wood and the class.

3 MR. HORN: William Horn,
4 LeBoeuf, Lamb, Greene & MacRae, on
5 behalf of the corporate defendants and
6 the witness.

7 MS. ASHTON: Ann Ashton,
8 LeBoeuf, Lamb, Greene & MacRae, on
9 behalf of Mr. Bichsel as well as the
10 corporate defendants.

11 MR. PLATT: Charles Platt,
12 Shell International B.V., on behalf of
13 Royal Dutch/Shell PLC.

14 MS. TISKA: Tracey Tiska
15 from Hogan & Hartson, on behalf of
16 defendant KPMG Accountants N.V.

17 MS. MARSHALL: Gabrielle
18 Marshall of Hughes Hubbard & Reed, on
19 behalf of PricewaterhouseCoopers.

20 MS. LATIMER: Aimee Latimer,
21 Mayer Brown Rowe & Maw, for defendant
22 Sir Philip Watts.

23 MR. LUDWIG: Brett Ludwig,
24 Foley & Lardner, on behalf of Judith
25 Boynton.

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2 THE VIDEO OPERATOR: You may
3 now swear the witness.

4 M A T T H I A S B I C H S E L,
5 residing at 32 van Hoeylaan, The Hague,
6 Netherlands, having been first duly

7 sworn by the Notary Public (Gail F.
8 Schorr), was examined and testified as
9 follows:

10 EXAMINATION BY MR. ARANOFF:

11 Q. Good morning, Mr. Bichsel.

12 We met a few moments ago. My name is
13 Ronald Aranoff, and I represent the lead
14 plaintiff, Peter M. Wood, and the class
15 in the matter titled In Re Royal/Dutch
16 Shell Transport Securities Litigation.

17 First let me say thank you
18 for coming here today. I understand
19 you traveled from quite a distance and
20 I thank you for being here. I also
21 wanted to thank Mr. Platt and Ms.
22 Ashton for presenting you today. So
23 thank you very much.

24 Mr. Bichsel, have you ever
25 testified before?

0007

1 MATTHIAS BICHSEL

2 A. No.

3 Q. Since you haven't testified
4 before, let me just go over some basic
5 groundrules that we'll be utilizing in
6 today's deposition. I'm sure you
7 realize that the court reporter just
8 swore you in, so do you understand that
9 today's testimony will be under oath?

10 A. I understand.

11 Q. Do you also understand, Mr.
12 Bichsel, that all of your answers are
13 being stenographically recorded and
14 videotaped? Do you understand that?

15 A. I understand.

16 Q. Okay. Towards that end,
17 since you're being stenographically
18 recorded, both of us need to avoid the
19 urge to talk over one another.
20 Therefore, please wait for me to finish
21 my questions before answering and I
22 will try my best not to interrupt your
23 answers during the course of your

24 deposition today. Okay?

25 A. Clear.

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1 MATTHIAS BICHSEL

2 Q. If you need a break at any
3 point in time during the course of the
4 deposition, please let me know, I'll be
5 happy at an appropriate time to take a
6 break. If you need an opportunity to
7 consult with your attorney at any point
8 during the deposition today let me know
9 that and we'll make arrangement for you
10 to consult with your attorney as well.
11 Okay? You have to answer verbally.

12 A. Yes.

13 Q. So let me just interject
14 that as well at this point, and that is
15 that since your testimony today is
16 being stenographically recorded, the
17 stenographer can only take down verbal
18 answers, so that she cannot take down
19 nods of your head and things of that
20 nature. So if you could be careful to
21 the best of your ability to answer with
22 verbal answers I would appreciate that
23 as well.

24 A. Yes.

25 Q. If at any point during

0009

1 MATTHIAS BICHSEL

2 today's deposition I ask you a question
3 and you don't understand it, please ask
4 me to rephrase it or clarify it and
5 I'll do my best to do so. If you
6 answer any of the questions that I ask
7 today I'm going to deem you to have
8 understood what I have asked you. Do
9 you understand that?

10 A. I understand.

11 Q. And one last item. Can we
12 agree that unless I specify otherwise
13 during my questioning today that when I
14 use the term Shell I'm talking about

15 the full Royal Dutch and Shell
16 Transport entities together with all of
17 its service and operating companies.

18 Can we agree on that?

19 A. I understand.

20 Q. Okay. Thank you very much.

21 Mr. Bichsel, can you please tell me

22 what your current home address is?

23 A. 32 van Hoeylaan, The Hague,
24 Netherlands.

25 Q. Just so that the record is

0010

1 MATTHIAS BICHSEL

2 clear, can you please state your full

3 name for the record.

4 A. Dr. Matthias Felix Bichsel.

5 Q. And I think I've been

6 calling you Mr. Bichsel since the

7 beginning of this deposition so let me

8 correct myself and call you Dr.

9 Bichsel.

10 A. Mr. Bichsel is okay.

11 Q. Okay, Mr. Bichsel. Am I

12 correct, Mr. Bichsel, that you are a

13 Swiss citizen?

14 A. You are correct.

15 Q. And since you testified --

16 since we talked about whether you had

17 ever given testimony before just

18 briefly a moment ago, I wanted to just

19 probe that briefly with you. When I

20 asked you if you had ever given any

21 testimony before, let me just make sure

22 we understand each other. Have you

23 ever testified at any trial in

24 conjunction with any matter in the

25 past?

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1 MATTHIAS BICHSEL

2 A. No, I have not.

3 Q. Have you ever sat at a

4 deposition similar to the deposition

5 you're sitting at today ever in the

6 past?

7 A. No, I have not.

8 Q. To the best of your
9 knowledge, have you ever at any point
10 submitted an affidavit or an
11 affirmation or a declaration or any
12 kind of sworn statement in conjunction
13 with your employment at the Shell
14 company?

15 A. No, I have not.

16 MR. ARANOFF: I'm going to
17 ask the court reporter to mark this
18 document, please. Mark that as Bichsel
19 1 for purposes of identification,
20 please.

21 (Bichsel Exhibit 1 for
22 identification, Mr. Bichsel's curriculum
23 vitae.)

24 Q. Mr. Bichsel, I've handed you
25 what's been marked for purposes of

0012

1 MATTHIAS BICHSEL
2 identification. It purports to be a
3 curriculum vitae or a CV for you. I'd
4 like you to just take a look at it,
5 make sure that it looks like your CV,
6 and then I'd like to ask you some
7 questions. When you're done reviewing
8 it, just look up and I can ask you some
9 questions about it. Have you had an
10 ample opportunity to review the
11 document, Mr. Bichsel?

12 A. I'm familiar with that
13 document.

14 Q. Okay. And is this your --
15 in fact your curriculum vitae?

16 A. I wrote that CV.

17 Q. So it's authored by you?

18 A. It's authored by me, this is
19 my CV.

20 Q. Do you know whether this is
21 your most recent CV?

22 A. No, this CV is at least,

23 that goes back to 2000 and -- 2000 or
24 2001.

25 Q. Do you know whether you have
0013

1 MATTHIAS BICHSEL
2 a more recent version of this document?

3 A. I do.

4 Q. Do you know whether this
5 document was -- whether a more recent
6 version of this document was given to
7 your attorneys?

8 A. No, this document is stored
9 on my computer in the office. The most
10 recent document I have, which is a
11 personal document, is in my home
12 computer.

13 Q. Do you have a copy of your
14 most current curriculum vitae with you
15 today?

16 A. No, I have not.

17 Q. Okay. Well, the purpose
18 that I'm giving you an opportunity to
19 look at this now is I'd like you to
20 please start with your education and
21 provide me with your educational
22 background and your work background.
23 And I thought that providing you with a
24 copy of your curriculum vitae would
25 help expedite the process in terms of

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1 MATTHIAS BICHSEL
2 giving a brief description of your
3 education, a brief description of your
4 employment history, and this would I
5 thought aid you in your ability to
6 remember dates and tasks that you
7 performed.

8 So with that in mind, if you
9 could give me your educational
10 background first I would appreciate it.

11 A. I was -- went to school in
12 Switzerland in Basle. I graduated and
13 then went on to study earth sciences

14 and economics at the University of
15 Basle, in Switzerland. I did a
16 Master's of science, of earth sciences
17 at the university. It is called a
18 diploma, a diplome in Switzerland, and
19 from then on I did a doctor's degree,
20 Doctor of Philosophy specializing in
21 earth sciences.

22 Q. In the course of any of the
23 studies that you mentioned, did you
24 develop a particular area of expertise?

25 A. My expertise was in earth

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1 MATTHIAS BICHSEL

2 sciences, so that's geology and
3 geophysics.

4 Q. And what specifically about
5 geology and earth physics I think
6 that's what you said?

7 A. Geology and geophysics are
8 what I -- what I -- the geology of the
9 earth, I mean effectively understanding
10 how the processes that have formed the
11 earth since the beginning have
12 effectively, how they work.

13 Q. And how many years did you
14 spend studying geology and the geology
15 of the earth?

16 A. Until my doctorate, six
17 years in total.

18 Q. And you testified I think a
19 moment ago that you have a doctorate in
20 philosophy, philosophy of the earth, is
21 that accurate?

22 A. No, it's doctorate of
23 philosophy and I specialize in earth
24 sciences. The degree --

25 Q. And when did that -- I'm

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1 MATTHIAS BICHSEL

2 sorry, continue.

3 A. The degree that we obtain in
4 Switzerland at the University of Basle

5 is a Doctor of Philosophy. That's the
6 correct title.

7 Q. Okay. And what year did you
8 conclude your doctorate?

9 A. In 1980.

10 Q. And when you concluded your
11 studies and got your doctorate, did you
12 next seek employment?

13 A. I applied for employment
14 then, yes.

15 Q. And where was your first
16 job?

17 A. I applied and was given a job
18 with Shell International Exploration &
19 Production.

20 Q. I guess the best way to do
21 this would be to utilize your
22 curriculum vitae. But based upon that,
23 I'm reading from the third page of
24 what's been marked as Bichsel 1 for
25 purposes of identification, it says

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1 MATTHIAS BICHSEL

2 that your initial position from
3 November 1980 to August 1981 was as a
4 trainee at the Shell International
5 Petroleum Company; is that accurate?

6 A. That's correct.

7 Q. And what were your --
8 briefly, what were your responsibilities
9 and tasks in that role?

10 A. I went to basic training in
11 -- I joined November 1980 Shell, and I
12 spent the first two and a half months
13 on a business visit to Tanzania where I
14 was tasked to figure out various things
15 that led to an exploration venture in
16 Tanzania. So I had to figure out where
17 to shoot seismic, etcetera, etcetera.

18 From January 1981 onwards
19 until July of that same year, I went to
20 basic training in The Hague. That's
21 the basic training for exploration and

22 production.

23 Q. And then sometime in August
24 1981 you moved from being a trainee at
25 the Shell International Petroleum and
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1 MATTHIAS BICHSEL
2 you went to become a field geologist,
3 exploration geologist; is that
4 accurate?

5 A. That's correct.

6 Q. And what were your
7 responsibilities with respect to that
8 job?

9 A. I was a member of a single
10 string venture, that is a small company
11 that is exploring for finding
12 hydrocarbons, oil and gas. My role was
13 to examine the geology of the area that
14 Shell has licensed in the eastern part
15 of Bangladesh, and to write up reports
16 that led eventually to the drilling of
17 exploration wells.

18 Q. And when you say the
19 drilling, you're specifically talking
20 about drilling in Bangladesh?

21 A. Drilling in Bangladesh.

22 Q. And that was from September
23 of 1981 to approximately March of 1984;
24 is that accurate?

25 A. I need to refresh my memory.

0019

1 MATTHIAS BICHSEL

2 Q. Sure.

3 A. That's correct.

4 Q. And then what happened in
5 1984? You took a new position?

6 A. I was transferred by Shell
7 to the company called Petroleum
8 Development Oman in which Shell has 34
9 percent interest. I was there a member
10 of an evaluation team for exploration.
11 My task was to write up reports that
12 led to the drilling of oil and gas

13 wells.

14 Q. I think you just said to
15 draft reports that led to the drilling
16 of oil and gas wells; is that accurate?

17 A. Yes.

18 Q. When you say reports, what
19 do you mean by reports?

20 A. These are documents that
21 specify the geology of the subsurface,
22 they specify the location where a well
23 ought to be drilled.

24 Q. So does this entail
25 identifying various places for scopes

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1 MATTHIAS BICHSEL

2 for recovery of natural resources from
3 the earth?

4 A. That entails that we find
5 hydrocarbons and hydrocarbons that
6 would indeed be then termed scope for
7 recovery.

8 Q. I think your CV next
9 indicates that in May of 1987,
10 approximately three years after you
11 started as a senior interpreter of
12 Petroleum Development Oman, you became
13 a senior explorer, Shell Canada
14 Resources Ltd. in Calgary; is that
15 accurate?

16 A. That's correct.

17 Q. What were your job
18 responsibilities in that role?

19 A. I was doing regional
20 geological studies to identify new
21 opportunities to find gas in northeast
22 British Columbia.

23 Q. Do you have an expertise in
24 one natural resource over another? Let
25 me rephrase that in a different way.

0021

1 MATTHIAS BICHSEL

2 Do you have any greater expertise in
3 the natural resource of gas as opposed

4 to the natural resource of oil?

5 A. No, both the same.

6 Q. Okay. And how long did you
7 spend as a senior explorer in Shell
8 Canada Resources in Calgary?

9 A. Until November 1989.

10 Q. And what happened in
11 November 1989?

12 A. I was transferred by Shell
13 to our affiliate in Indonesia, Jakarta.

14 Q. Okay. And what was your
15 role -- I take it from your CV that you
16 were the head of exploration, the chief
17 geologist for Shell Company Indonesia
18 in Jakarta and that was from November
19 of 1989 to July of 1992; is that
20 accurate?

21 A. That's correct.

22 Q. And what were your job
23 responsibilities in that role?

24 A. We had five different
25 exploration licenses across Indonesia,

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1 MATTHIAS BICHSEL

2 and my job was to lead people, some 20
3 staff, to find prospects, that is
4 locations for drilling for gas and oil.

5 Q. You held that position for
6 approximately just shy of three years;
7 is that accurate?

8 A. That's correct.

9 Q. Okay. And after that you
10 took another role in the Shell
11 organization, correct?

12 A. That's correct.

13 Q. And you became secretary to
14 the EP Senior Executive Conference at
15 Shell International EP in The Hague; is
16 that accurate?

17 A. That's correct.

18 Q. And that was from August
19 1992 to November 1992?

20 A. That's correct.

21 Q. And what were your job

22 responsibilities in that role?

23 A. I had to organize the EP --

24 this conference called the EP Senior

25 Executive Conference where all the

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1 MATTHIAS BICHSEL

2 managing directors of the EP operating

3 units came together. That happened

4 every two years. I was in charge of

5 organizing the meeting. I was in

6 charge of liaising with the various

7 senior members of the -- of exploration

8 production in Shell to put the program

9 together, to get the agenda worked out,

10 to work on the logistics, etcetera.

11 Q. When you say that you were

12 the liaison with senior members, do you

13 have an independent recollection as you

14 sit here today as to names of specific

15 people that you interacted with between

16 1989 and 1992 that --

17 A. I was working for Mr.

18 Moody-Stuart, Mr. Mark Moody-Stuart.

19 Q. Now, you used the word

20 secretary to the EP of Senior Executive

21 Conference. Is that an administrative

22 position or is that more of a technical

23 position?

24 A. That is an administrative

25 position. That was the title that was

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1 MATTHIAS BICHSEL

2 given to this particular role.

3 Q. And was that a significant

4 change from the types of jobs that you

5 had at Shell prior to becoming the

6 secretary?

7 A. This was a broadening

8 assignment for me that allowed me to

9 see more than just the exploration

10 business, it allowed me to get insight

11 into the totality of the exploration

12 and production business that Shell was
13 undertaking at the time.

14 Q. What were the -- what was
15 the reason why, if you have an
16 understanding, what was the reason why
17 you were selected to go into this
18 position given your history prior to
19 this point in the company?

20 A. I was identified as a person
21 that had a potential to grow beyond my
22 position that I had in Indonesia.

23 Q. And was this position the
24 secretary to the EP Senior Executive
25 Conference which I understand was in

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1 MATTHIAS BICHSEL

2 The Hague, correct?

3 A. That's correct.

4 Q. Was that -- was your liaison
5 responsibilities as you mentioned
6 before, limited to senior members in
7 Indonesia, or was this more of a
8 company-wide liaison position?

9 A. No, this position was a
10 company -- this was EP, exploration and
11 production-wide not company-wide, that
12 was exploration and production-wide
13 with the senior-most people in the EP
14 business of Shell.

15 Q. And that was not
16 specifically limited to Indonesia --

17 A. No, not --

18 Q. -- this was the entire
19 company of Shell?

20 A. Correct.

21 Q. And you held that position
22 for a short period of time from August
23 1992 to November 1992, which is roughly
24 three months or so, correct?

25 A. That's correct.

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1 MATTHIAS BICHSEL

2 Q. Why did the position only

3 last for three months?

4 A. That position is only meant
5 to last for three months. It's a
6 special position which is being used
7 every two years when this conference is
8 being held. Then a member of EP that
9 has been identified as has potential to
10 grow is being appointed into this job
11 for that duration. So in November that
12 particular conference was held, it's a
13 three-day conference, which was held in
14 The Hague. And after that conference
15 the job was effectively disbanded.

16 Q. And were there other people
17 that served in the same kind of a
18 capacity as you did as a secretary to
19 the EP Senior Executive Conference or
20 was that just a one-person position?

21 A. It was a one-person
22 position.

23 Q. Okay. In November of 1992
24 that position evaporated, for lack of a
25 better word, and you became the

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1 MATTHIAS BICHSEL
2 evaluation manager, NAM, exploration
3 business unit in Assen, Netherlands; is
4 that correct?

5 A. That's correct.

6 Q. And you held that position
7 from November 1992 to February 1995; is
8 that correct?

9 A. That's correct.

10 Q. What were your job
11 responsibilities in that role?

12 A. I was responsible for the
13 exploration performance of the
14 Nederlandse Aardolie Maatschappij,
15 that's NAM, that's what NAM stands for.
16 Based in the north of the Netherlands.
17 We were drilling in the order of around
18 20 exploration wells and I was in
19 charge of leading about six teams that

20 were undertaking that particular task.

21 Q. And I'm sorry, you mentioned
22 but I didn't catch it, so I apologize
23 for that, but you mentioned what the
24 abbreviation NAM stands for. Could you
25 repeat that, please?

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1 MATTHIAS BICHSEL

2 A. Nederlandse Aardolie
3 Maatschappij.

4 Q. And can you explain briefly
5 what that means?

6 A. The Dutch hydrocarbon
7 company.

8 Q. Thank you. And you held
9 that position for approximately three
10 years; is that accurate?

11 A. That's correct.

12 Q. At which point you went to
13 become the -- to the EP study team of
14 Shell International Petroleum based in
15 The Hague once again, correct?

16 A. Correct.

17 Q. You held that position from
18 February of 1995 to August 1995,
19 correct?

20 A. That's correct.

21 Q. Could you briefly describe
22 what your responsibilities were as part
23 of the EP study team?

24 A. That particular team was
25 tasked -- that study was tasked to

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1 MATTHIAS BICHSEL

2 restructure the way the EP business was
3 undertaken. And I was a member of a
4 team that was tasked with the
5 redefinition of the governance of our
6 EP business, of strategy development,
7 of planning and economics.

8 Q. I think you just said that
9 you were responsible for restructuring
10 how the EP business was undertaken. Do

11 you recall having just said that? What
12 specifically do you mean by that?

13 A. The structure that
14 exploration and production in Shell had
15 until the middle of the nineties was
16 that of fundamentally autonomous
17 operating units that operated
18 effectively, indeed, on their own.

19 And the restructuring there
20 was bring a framework, an umbrella over
21 how these operating units effectively
22 operate against a total EP business
23 strategy as opposed to their individual
24 strategies that is then being rolled up
25 as a business plan. So more of a top

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1 MATTHIAS BICHSEL

2 down approach as opposed to a bottom up
3 approach.

4 Q. Can you give me an example
5 of one of the operating units that you
6 would -- that come to mind that were
7 brought under this umbrella as you say?

8 A. That would be, for instance,
9 the -- an operating company that I --
10 that I was in Indonesia. That would be
11 an example.

12 Q. What was the specific name
13 of the operating company that you're
14 referencing?

15 A. Shell companies in
16 Indonesia.

17 Q. Can you explain how you
18 restructured that operating unit to
19 bring it under a top down as opposed to
20 a bottom up type of a philosophy?

21 A. We did not restructure the
22 operating units. We restructured the
23 structure within which the EP business
24 was governed.

25 Q. And how -- I'm sorry.

0031

1 MATTHIAS BICHSEL

2 A. In other words, that means,
3 for instance, in the days prior to 1995
4 an operating unit would effectively
5 have their own plans and they would say
6 that's how many wells we drill, that's
7 how much money we need, and then
8 fundamentally they would get that money
9 as long as it fit certain criteria.

10 The restructuring led to
11 more of a proactive way of sort of
12 saying where in the world we would
13 explore and develop hydrocarbons, so
14 would we want to do Indonesia, would we
15 want to do business in these places or
16 do we basically say no, we'd rather no
17 longer do business in Indonesia, just
18 to use that as an example.

19 Q. Who made the decision to
20 change this business plan with respect
21 to restructuring how EP undertook
22 business?

23 A. The framework at the end of
24 the day was approved then by the CMD,
25 and the boards of the then two

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1 MATTHIAS BICHSEL
2 companies.

3 Q. When you say the two
4 companies, which two companies would
5 you be referencing in the example that
6 you just gave?

7 A. Well, ultimately Shell
8 Transport Trading and Royal Dutch.

9 Q. Were there other operating
10 units that were -- that went under a
11 similar type of a transformation, for
12 lack of a better word, in terms of
13 being more autonomous to being less
14 autonomous?

15 A. The transformation was about
16 getting a framework of a governance
17 structure and all the operating units
18 were affected by that.

19 Q. And when you say all the
20 operating units, you specifically mean,
21 so that we're clear, all the operating
22 units throughout the world?

23 A. Within the upstream
24 business, correct.

25 Q. I'm sorry, I didn't hear

0033

1 MATTHIAS BICHSEL

2 you.

3 A. Within the exploration and
4 production business.

5 Q. And did you interact at that
6 point as a part of the EP study team
7 with any specific operating units in
8 your quest to accomplish this goal?

9 A. No, I did not.

10 Q. Who was responsible for
11 interacting with those operating units
12 for that purpose?

13 A. This was the -- a body
14 called the business committee.

15 Q. And since you didn't
16 interact with the operating units as
17 you've discussed, I assume that you
18 were not on the business committee; is
19 that accurate?

20 A. That's correct.

21 Q. Do you recall as you sit
22 here now any of the names of some of
23 the individuals that served on the
24 business committee?

25 A. A name, for instance, would

0034

1 MATTHIAS BICHSEL

2 be Mr. Bob Sprague.

3 Q. And what role did Mr.
4 Sprague play?

5 A. He was the chairman of that
6 particular business committee.

7 Q. And this is in the time
8 period again from between February of
9 '95 to August 1995?

10 A. That's correct.

11 Q. Okay. And again, in your
12 role as a member of the EP study team
13 you held that position for three, four
14 months; is that accurate?

15 A. It was indeed for three
16 months. This was just a phase of that
17 study team effectively doing its work.

18 Q. Okay. And did that position
19 become obsolete at that point in time?
20 Did you leave for any other reasons?
21 Why were you only there for such a
22 short period of time?

23 A. The study team was disbanded
24 and the position became obsolete.

25 Q. I think your next stop in

0035

1 MATTHIAS BICHSEL

2 the Shell company was an exploration
3 director for Petroleum Development Oman
4 located in Oman, and that was from
5 September 15th -- September 1995 to
6 August 1999 which is approximately four
7 years; is that accurate?

8 A. That's correct.

9 Q. What were your
10 responsibilities in terms of your role
11 as the exploration director of PDO?

12 A. I was accountable for the
13 exploration business and accountable to
14 find hydrocarbons in the whole of the
15 Sultanate of Oman where the petroleum
16 development had licenses.

17 Q. Can you be a little more
18 specific about what you meant by the
19 exploration and finding of hydrocarbons
20 in Oman?

21 A. Could you specify the
22 question a little bit better.

23 Q. I'd like you to give me a
24 little detail about what the
25 exploration tasks or what you did as

0036

1 MATTHIAS BICHSEL

2 the exploration director specifically
3 during your time, during the four year
4 time you were at PDO?

5 A. My task was to find
6 hydrocarbons in specifically oil on
7 behalf of the shareholders of Petroleum
8 Development Oman, and gas on behalf of
9 the Government of Oman, of Oman. For
10 that we did do studies using seismic,
11 that means, that's a means of using
12 sound waves to penetrate the earth and
13 to identify potential hydrocarbon
14 bearing structures. We would then
15 drill these structures and in case of
16 success find hydrocarbons in either
17 form of oil or gas, or both.

18 Q. Did your role as exploration
19 director involve -- were you involved
20 at all in the categorization of
21 reserves in PDO?

22 A. No, I was not.

23 Q. As part of your role in PDO,
24 did you have opportunities to review or
25 participate in any audits that took

0037
1 MATTHIAS BICHSEL

2 place in PDO?

3 A. No, I did not.

4 Q. During the course of your
5 tenure, four year tenure as the
6 exploration director of PDO, did you
7 have any reason to interact with a man
8 by the name of Anton Barendregt?

9 A. No, I did not.

10 Q. Okay. After you completed
11 your role in PDO for four years, then
12 you moved on to become the director of
13 Shell Deepwater Houston; is that
14 accurate?

15 A. That's correct.

16 Q. And you held that position
17 it says beginning in August of 1999,

18 and it doesn't have a completion date
19 so I guess this is where your CV kind
20 of ends and your new CV begins,
21 correct?

22 A. Correct.

23 Q. Okay. So could you briefly
24 describe what you did as part of the
25 Shell Deepwater Services?

0038

1 MATTHIAS BICHSEL

2 A. The Deepwater Services
3 organization was a new type of
4 organization which was formed in indeed
5 in the middle of 1999, bringing
6 together the expertise that Shell had
7 globally anything pertaining to
8 deepwater. Deepwater is defined as a
9 water depth greater than 500 meters.
10 So anywhere where we did exploration,
11 well delivery, field development,
12 facilities engineering, there this
13 expertise are the people that actually
14 knew how to do that, they were pulled
15 together into this one organization.

16 Before Shell Deepwater
17 Services existed we had two such
18 organizations, one in the -- in the US
19 which was called Shell Deepwater
20 Development Services, and another one
21 which was called Shell International
22 Deepwater Services which was based in
23 The Hague.

24 The purpose of that
25 organization was to provide services on

0039

1 MATTHIAS BICHSEL

2 demand to Shell Exploration &
3 Production operating companies that
4 were engaged in deepwater activities,
5 as I've said before, activities that
6 happen in water depths of 500 meters or
7 more.

8 Q. And you held that position

9 for how long?

10 A. Until December 2001.

11 Q. Okay. And we'll obviously
12 get back to discussing your role as
13 director of Deepwater Services a little
14 later, but in 2001 you left Shell
15 Deepwater Services?

16 A. I physically left Houston in
17 December, end of December 2001, and I
18 started my new job as exploration
19 director for Shell Exploration &
20 Production based in The Hague. I
21 officially started my job -- I started
22 my job in January and officially
23 switched the company, so I switched the
24 legal fiscal entity from the States at
25 the first of March into the new fiscal

0040

1 MATTHIAS BICHSEL

2 entity Shell International Exploration
3 & Production B.V.

4 Q. You left Shell Deepwater
5 Services in December of 2001, correct?

6 A. That's correct.

7 Q. Okay. And as director of
8 Shell Deepwater Services is it fair to
9 say you were the highest ranking person
10 at SDS?

11 A. That's correct.

12 Q. So what was the reason why
13 you left that position at Shell Deepwater
14 Services to take a position as the
15 exploration director based in The Hague?

16 A. I was asked by Mr. van de
17 Vijver, Walter van de Vijver, to take on
18 that position of exploration director in
19 Shell Exploration & Production. This was
20 a new position that Mr. van de Vijver
21 created. That's a position which was
22 part of the exploration and production
23 management team, or executive committee
24 as it was called in these days.

25 Q. Was this viewed by you as a

0041

1 MATTHIAS BICHSEL

2 promotion?

3 A. This was a promotion indeed.

4 Q. Okay. And what were your --
5 what were your job responsibilities as
6 the exploration director based in The
7 Hague?

8 A. I was accountable for the
9 delivery of the exploration performance
10 on a global basis. That meant we were
11 drilling some 120 to 150 exploration
12 and appraisal wells per annum with a
13 budget in 2002 of about around \$1.5
14 billion, a budget that rose by the end
15 I left a few months ago to around \$2.2
16 billion.

17 Q. And so since you said you
18 left a few months ago, my understanding
19 would be that you held the position as
20 exploration director in The Hague from
21 2001 until some point in 2006; is that
22 accurate?

23 A. That's correct. I held the
24 position of exploration director until
25 March of this year when I was asked by

0042

1 MATTHIAS BICHSEL

2 Mr. Malcolm Brinded to take on the role
3 of executive vice president for the
4 technical aspects of our E&P business.

5 Q. And you've been in that
6 position since?

7 A. March this year.

8 Q. March. And just so that the
9 record is clear, are you still employed
10 currently by the Shell company?

11 A. I'm still employed Shell
12 International Exploration & Production
13 B.V.

14 Q. Now, at any point in time
15 when you were the exploration director
16 from December 2001 until March of 2006,

17 is it fair to say that that position
18 was also a position where you were on
19 ExCom at the time?

20 A. That's correct.

21 Q. And you said that that
22 position was a position specifically
23 created by Mr. van de Vijver?

24 A. That's right. This position
25 did not exist prior to 2002.

0043

1 MATTHIAS BICHSEL

2 Q. Do you have an understanding
3 as to why Mr. van de Vijver decided to
4 create this position?

5 A. This position, a similar
6 position I should say existed prior to
7 1996. In 1996 this particular position
8 was abolished. I do not know the
9 reason exactly why that was.

10 However, it was found in the
11 intervening periods between 1996 and
12 end of 2000 -- middle of 2001 that the
13 exploration performance globally was
14 not up to scratch, and that Mr. van de
15 Vijver wanted to appoint a single point
16 accountable person in form of an
17 exploration director for the Shell
18 Exploration & Production business.

19 Q. When you say -- you testified
20 just a moment ago the exploration
21 production was not up to scratch?

22 A. Exploration was not up to
23 scratch.

24 Q. What do you mean by that?

25 A. We drilled too many wells

0044

1 MATTHIAS BICHSEL

2 and did not find enough hydrocarbons.

3 Q. And in the creation of this
4 new position, what were your plans as
5 to how to rectify that problem?

6 A. I fundamentally changed the
7 strategy of the exploration business in

8 Shell E&P. When I took over that role,
9 Shell was exploring in some 42
10 countries globally. That meant that
11 there was no focus.

12 One of the first things that
13 I did was to come up with a new
14 strategy that allowed us to focus.
15 That meant we were exiting around 20
16 countries so we no longer did
17 exploration in these countries.

18 Furthermore, I focused on
19 what I called the large, large
20 potential hydrocarbon accumulations.
21 Because of the fact that Shell has been
22 exploring for many, many years in
23 places like the shelf of the Gulf of
24 Mexico, or the North Sea or the shallow
25 waters off northwest Borneo, which

0045

1 MATTHIAS BICHSEL

2 meant that from an exploration
3 perspective these areas were becoming
4 more mature or, in other words, that
5 the individual size of a hydrocarbon
6 accumulation was smaller, given the
7 size of our business where we produce
8 around 1.3 billion barrels oil
9 equivalent per year, we needed to
10 address large opportunities, and that
11 strategy that I came up with allowed us
12 to focus on fewer countries but larger
13 opportunities.

14 Q. And how did that allow you
15 to focus like that?

16 A. We evaluated about 150
17 hydrocarbon basins, places on the earth
18 where we think or where academia on the
19 industry know there are hydrocarbons
20 and we selected out of that -- out of
21 those around 12 such basins which we
22 believe could contain hydrocarbon
23 accumulations in a single occurrence
24 which were in the range of three to 500

25 million barrels per structure.

0046

1 MATTHIAS BICHSEL

2 Q. And did these efforts --
3 were these efforts successful?

4 A. Yes.

5 Q. How were they successful?

6 A. We had -- we were -- we
7 benchmarked the exploration performance
8 against our competitors, in particular
9 the other super-majors. We were number
10 4 on the benchmark in 2002 and we were
11 the best on the benchmark in 2005.

12 Q. And which -- I assume you're
13 referring to your various competitors
14 when you --

15 A. I refer to the other
16 super-majors, that is the other oil
17 super-major that is BP, Exxon Mobil,
18 Total and Chevron.

19 Q. Okay. I want to take you --
20 I want to discuss first a few basic
21 points and then move on from there.
22 But first, I want to talk to you about
23 reserves a little bit today, Mr.
24 Bichsel. And I want to make sure that
25 I understand what your understanding is

0047

1 MATTHIAS BICHSEL

2 with respect to the definition of a
3 proved reserve. Do you know what a
4 proved reserve is?

5 A. Yes, I do.

6 Q. What is your understanding
7 of the term proved reserve?

8 A. This is a hydrocarbon
9 resource that meets the criteria and
10 the guidelines as set out by the SEC.

11 Q. And do you have an
12 understanding of what those guidelines
13 provide?

14 MS. ASHTON: Are you talking
15 about time period?

16 Q. SEC guidelines?

17 MS. ASHTON: Can you talk
18 about a time period now.

19 Q. I'm talking about the class
20 period generally between 1998 and 2004
21 and specifically if your understanding
22 has changed at all during that time
23 period I'd like you to tell me if it's
24 changed and how it's changed.

25 A. Prior to 2003, end of 2003 I

0048

1 MATTHIAS BICHSEL

2 was not involved in proved reserves
3 determination or reporting. I had an
4 understanding of the basics of proved
5 reserves.

6 At the end of 2003, if I
7 recollect correctly the date, I became
8 a member of the reserves committee
9 which was established then. And as
10 part of the member of that reserves
11 committee, I then was afforded training
12 in that -- that was in 2004, as to the
13 definition, as to the reporting
14 requirements, as to the way to
15 determine proved reserves according to
16 the SEC guidelines.

17 Q. If you hadn't been involved
18 in categorization of reserves and
19 reserves reporting until the end of
20 2003 -- is that accurate?

21 A. I have -- that's incorrect.

22 Q. I'm sorry.

23 A. In 2003 we established a
24 reserves committee and I became a
25 member of the reserves committee.

0049

1 MATTHIAS BICHSEL

2 Q. Right. But prior to that
3 you I think testified just a moment ago
4 that you had, and I'm paraphrasing, if
5 I'm mischaracterizing your testimony in
6 any way please correct me, but my

7 understanding is you played no role in
8 categorization of reserves or in
9 reserves reporting prior to your
10 becoming a member of the reserves
11 committee in 2003?

12 A. That's correct.

13 MS. ASHTON: Objection to
14 form. But you can answer.

15 Q. Is that accurate?

16 A. Prior to 2003, in my roles up
17 to then, I was not involved in the
18 determination, in the evaluation, and in
19 the reporting of proved reserves.

20 Q. Okay. So then let me ask
21 you this. Why then were you selected
22 to become a member of the reserves
23 committee if you had had no experience
24 doing this kind of work prior to that
25 appointment?

0050

1 MATTHIAS BICHSEL

2 MS. ASHTON: Objection to
3 form.

4 Q. You can answer.

5 MS. ASHTON: If you know you
6 can answer.

7 Q. If you know you can answer.

8 A. I do not know why I have
9 been selected. I can only speculate
10 about that.

11 Q. As you sit here today, can
12 you think of a reason why you would
13 have been appointed to a position as a
14 member on the reserves committee if you
15 had had no understanding or no real
16 training in this area prior to that
17 point?

18 MS. ASHTON: Objection.

19 Q. You can answer.

20 MS. ASHTON: You can answer
21 if you can.

22 A. Can you repeat the question.
23 I didn't get it.

24 Q. Maybe I'm not being clear so
25 let me try it -- let me try again.

0051

1 MATTHIAS BICHSEL

2 My understanding based upon

3 your responses today is that you became

4 a member of the reserves committee

5 sometime in or after 2003; is that

6 accurate?

7 A. At the end of 2003.

8 Q. Okay. At the end of 2003.

9 And my question to you is if you had

10 never done work with respect to

11 reserves and reserves reporting prior

12 to 2003, I'm curious as to why you

13 would have been selected to serve on

14 the member -- as a member of the

15 reserves committee?

16 MS. ASHTON: Objection.

17 A. The reserves committee is

18 composed of members of the executive

19 committee as it was called in these

20 days. It's now called the EP

21 leadership team. Because of the fact

22 that I have not been involved in the

23 reporting or in -- in -- in any which

24 way on targets around reserves, proved

25 reserves, I was -- I speculate that I

0052

1 MATTHIAS BICHSEL

2 was selected because of my

3 independence.

4 Furthermore, it is, as I

5 explained, I was trained later in terms

6 of understanding how to determine, how

7 to report, how to evaluate proved

8 reserves.

9 Q. Who else served with you as

10 a member of the reserves committee?

11 MS. ASHTON: During that

12 time period?

13 Q. During the time period of

14 2003 when you joined the committee?

15 A. In 2003 the chairman of the
16 reserves committee was Mr. Frank
17 Coopman. The other member was Mr. John
18 Darley.

19 Q. So is it fair to say then,
20 Mr. Bichsel, that it was a committee of
21 three people?

22 A. There probably were some
23 others, but I don't recall exactly.

24 Q. Do you have an understanding
25 of whether Mr. Darley or Mr. Coopman

0053

1 MATTHIAS BICHSEL

2 have a greater understanding of proved
3 reserves and reserves reporting than
4 you do?

5 MS. ASHTON: Objection. But
6 you can answer if you know.

7 A. I do know that Mr. Darley is
8 a reservoir engineer and that he was in
9 his -- in his -- as part of his career
10 working on reserves determination. I
11 do not know what Mr. Coopman's
12 qualifications were in that respect.

13 Q. And I think you testified a
14 moment ago, but please correct me if
15 I'm wrong, that you received some
16 training with respect to your service
17 as a member of the reserves committee.
18 Do you remember testifying to that
19 effect?

20 A. I do. But I also specified
21 that it was in 2004.

22 Q. I apologize. So let me
23 rephrase. In 2004 you testified that
24 you received some training with respect
25 to your position as a member on the

0054

1 MATTHIAS BICHSEL

2 reserves committee; is that accurate?

3 A. That's correct.

4 Q. Could you specify what kind
5 of training you received, please?

6 A. That is -- well, that is a
7 training that lays out the guidelines,
8 that explains the Shell guidelines for
9 reporting proved reserves.

10 Q. Okay. And who conducted
11 this training session?

12 A. That was the hydrocarbon
13 reserves coordinator named Mr. Jim
14 Cooper and a few others who I do not
15 recall the name.

16 Q. And how much training did
17 you -- did you undergo? In other
18 words, how much time did you spend
19 training for this position? Was it
20 months, was it years, was it days?

21 A. No, that was -- it was
22 effectively days.

23 Q. And where did that training
24 take place?

25 A. In The Hague.

0055

1 MATTHIAS BICHSEL

2 Q. Did Mr. Coopman, if I'm
3 pronouncing that right, Mr. Coopman or
4 Mr. Darley attend that training session
5 with you?

6 A. I do not recall.

7 Q. Do you know if anybody else
8 from the Shell company attended that
9 training session with you?

10 A. With me in that training was
11 Mr. Malcolm Brinded.

12 Q. And what was Mr. Brindel's
13 position at that point in time.

14 MS. ASHTON: Brinded.

15 Q. I'm sorry, Brinded. What
16 was Mr. Brinded's position at that
17 time?

18 A. He was the head of the EP
19 division of Shell. He was my boss.

20 Q. Is Mr. Brinded still
21 employed by the Shell company now?

22 A. He is, yes.

23 Q. And what is his current
24 position?

25 A. He's executive director for
0056

1 MATTHIAS BICHSEL
2 the upstream business.

3 Q. And what does the executive
4 director of the upstream business do?

5 A. He's accountable for the
6 performance of exploration and
7 production.

8 Q. Do you know a gentleman
9 employed by Shell named Rod Sidle?

10 A. I do.

11 Q. Do you know who Mr. Sidle --
12 what Mr. Sidle's current position is
13 now in the company?

14 A. I do not recall the exact
15 title.

16 Q. Do you recall whether Mr.
17 Sidle was a member of the reserves
18 committee with you in 2003/2004?

19 A. I do not recall.

20 Q. So other than Mr. Coopman
21 and Mr. Darley, you don't have any
22 independent recollection as you sit
23 here today of any of the other members
24 of the team that served with you on the
25 reserves committee; is that accurate?

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1 MATTHIAS BICHSEL

2 A. That's correct, yes.

3 Q. We were talking about your
4 understanding of proved reserves. Do
5 you have an understanding as you sit
6 here today as to the definition of a
7 proved developed reserve and a proved
8 undeveloped reserve?

9 A. I do understand the
10 difference.

11 Q. Okay. What is a proved
12 developed reserve?

13 A. A proved developed reserve

14 is a reserve where the infrastructure
15 in place that you can produce the
16 hydrocarbons. The undeveloped reserve
17 is a property that has a firm approved
18 plan against -- in order to develop the
19 hydrocarbons in order to produce them,
20 what it means, the steel is not yet in
21 the ground.

22 Q. Am I correct that any
23 understanding that you have as to the
24 definition of approved developed and
25 approved undeveloped reserves you

0058

1 MATTHIAS BICHSEL

2 learned beginning in 2003 or later, or
3 did you have an understanding of proved
4 developed and proved undeveloped
5 reserve even earlier than 2003?

6 A. I was familiar with that
7 definition.

8 Q. And how early in your tenure
9 at Shell did you -- were you
10 knowledgeable about the difference
11 between a proved developed reserve and
12 a proved undeveloped reserve?

13 A. I do not recall exactly, but
14 we have reserves reporting guidelines
15 and as part of our technical training
16 these -- we have been made aware of
17 issues like developed and undeveloped
18 proved reserves.

19 Q. You mentioned just a moment
20 ago reserve report -- you had reserve
21 report guidelines and you received some
22 training; is that accurate?

23 A. As part of my technical
24 training we got -- we were made aware,
25 we had an awareness training on

0059

1 MATTHIAS BICHSEL

2 resources and reserves reporting.

3 Q. When did you have this
4 training session?

5 A. I do not recall.

6 Q. Was it within the last year?

7 Was it within the last year the
8 training session that you had?

9 A. Which year?

10 Q. I'm trying to jar your
11 memory slightly if possible as to when
12 this training session might have
13 occurred. So I'm asking you did you
14 have this training session on the
15 reserve reporting guidelines within the
16 last year?

17 MS. ASHTON: I think the
18 record may be getting a little confused
19 here because he's talked I think about
20 some training that he had when he
21 became a member of the committee.

22 MR. ARANOFF: Right.

23 MS. ASHTON: I think you're
24 asking him whether -- I think he's
25 referring to whether there was a

0060

1 MATTHIAS BICHSEL
2 session prior to that and when that
3 occurred. Is that correct?

4 MR. ARANOFF: Correct.

5 Q. I'm sorry, if I'm confusing
6 you I apologize.

7 A. I had -- I had technical
8 training in exploration and production
9 prior to end of 2003. I do not recall
10 the exact dates when that training
11 happened. But I was made aware as part
12 of that technical training which was
13 part of the normal curriculum of our
14 training curricula that we have as to
15 the documents, the reports that we had
16 pertaining to reporting resources and
17 reserves.

18 Q. Prior to the training that
19 we've discussed now in conjunction with
20 the reserves committee that we've gone
21 over in some detail at this point, my

22 question, and I just want to make sure
23 the record is clear, did you have any
24 previous training, any additional
25 training on reserves reporting or
0061

1 MATTHIAS BICHSEL

2 Shell's reserves reporting guidelines
3 prior to your becoming a member of the
4 reserves committee?

5 MS. ASHTON: I think that's
6 what he's just testified to, but why
7 don't you make it clear.

8 Q. I just want to be sure we're
9 clear on it.

10 A. I obtained awareness -- as
11 part of the technical training there
12 was an awareness section in these
13 trainings about the fact that we had
14 guidelines to resources reporting,
15 resources determination, including
16 reserves.

17 Q. The training that you just
18 discussed, do you have an understanding
19 as to when that training took place?

20 A. Prior to 2003.

21 Q. Do you have a --

22 A. Or 2004. No, I do not. As
23 part of my technical training there
24 were several sessions as part of that
25 training, that I undertook in my career
0062

1 MATTHIAS BICHSEL

2 over the past 25 years, and I simply do
3 not recall the years and the dates of
4 those.

5 Q. Do you recall who conducted
6 the training sessions?

7 A. I do not.

8 Q. Just if you wouldn't mind
9 just let me finish my question before
10 you answer so we have a clear record.

11 A. I apologize.

12 Q. No, that's fine.

13 Do you have any

14 understanding as to anybody else who
15 participated in any of these technical
16 training sessions that you just
17 mentioned with you, any colleagues of
18 yours that might have sat with you
19 during one of these training sessions?

20 A. I do not recall, no.

21 Q. Do you have an understanding
22 as to whether or not the person
23 conducting the training session that
24 we've just discussed provided you with
25 any materials or handouts to aid you in

0063

1 MATTHIAS BICHSEL

2 your understanding of the technical
3 guidelines that we've been discussing,
4 and the training of those guidelines?

5 A. We were handed out the
6 report, the documentation that outlines
7 the reporting and determination of
8 resources and reserves.

9 Q. Do you keep a copy of those
10 guidelines with you in your current
11 employ?

12 A. These guidelines are being
13 reissued on a regular basis and I only
14 keep the copy of the latest.

15 Q. When you receive these
16 copies of the guidelines, do you read
17 them?

18 A. Yes, I do.

19 Q. Do you digest them and
20 understand what they're saying?

21 MS. ASHTON: Objection. You
22 can answer if you can.

23 Q. You can answer.

24 A. I read them. And I explained
25 before that in my role, in my previous

0064

1 MATTHIAS BICHSEL

2 roles that I had I was not involved in
3 the determination, the evaluation of the

4 reporting of reserves, of proved
5 reserves.

6 From that point of view, I
7 had an awareness and the reading was
8 limited to basically gain an awareness
9 of what the issues are, what the
10 definitions are and so on.

11 Q. As part of your training,
12 did you also get an understanding of
13 what the -- what the term expectation
14 reserves are? Do you know what that
15 means?

16 A. I do.

17 Q. What is an expectation
18 reserve?

19 A. An expectation reserve is a
20 probabilistic determination and the
21 expectation is the probability that the
22 reserve could be larger or smaller with
23 an equal chance.

24 Q. And are you aware of the
25 fact, is there such a thing as a --

0065

1 MATTHIAS BICHSEL

2 within the -- within the umbrella of an
3 expectation reserve, do you have an
4 understanding of a developed expectation
5 reserve versus an undeveloped expectation
6 reserve?

7 A. That doesn't exist.

8 MR. ARANOFF: Want to take a
9 five minute break?

10 MS. ASHTON: Fantastic, yes.

11 THE VIDEO OPERATOR: We'll
12 go off the record. The time is 11:03,
13 tape 1.

14 (A recess was taken.)

15 THE VIDEO OPERATOR: We're
16 back on the record, it's 11:20, this is
17 tape 1.

18 Q. Mr. Bichsel, I just wanted to
19 go back to a couple of things we
20 discussed right before the break. First,

21 have you ever taken or undertaken any
22 course work study in reservoir
23 engineering?

24 A. As part of my basic training
25 I did indeed in 1980.

0066

1 MATTHIAS BICHSEL

2 Q. Is it fair then to say that
3 -- you don't have a specific expertise
4 in reservoir engineering, do you?

5 A. That is fair to say,
6 correct.

7 Q. As part of the -- as part of
8 your training that we were just talking
9 about in 2004, did that encompass any
10 kind of study of reservoir engineering
11 at all?

12 A. Can you specify clearer.

13 Q. I'm sorry. You spoke that
14 you took -- you spoke earlier about
15 some training that you had in 2004
16 about the guidelines. Do you remember
17 having discussed that? Did that have
18 anything to do at all with reservoir
19 engineering?

20 A. That did have nothing to do
21 with the science of reservoir
22 engineering.

23 Q. I want to go back to discuss
24 a little bit about the reserves committee
25 of which you were a member back in 2003.

0067

1 MATTHIAS BICHSEL

2 Do you recall having testified about
3 that?

4 A. I do recall.

5 Q. Do you have an understanding
6 about when in 2003 that committee was
7 formed?

8 A. I was informed in I believe
9 it was early December that I shall be a
10 member of this newly formed committee.

11 Q. Have you ever heard of

12 something called Project Rockford?

13 A. Yes, I have.

14 Q. What is your understanding
15 of what Project Rockford was?

16 A. I was not privy to what
17 Project Rockford was. I only heard the
18 name.

19 Q. Do you have any
20 understanding about anything involving
21 Project Rockford?

22 A. Can you clarify the
23 question.

24 Q. Other than knowing that
25 there was something called Project

0068

1 MATTHIAS BICHSEL

2 Rockford, do you have any understanding
3 of what Project Rockford was, when it
4 took place, when it existed, things of
5 that nature?

6 A. I was aware that there was a
7 Project Rockford. I do not know when
8 it was kicked off. I do know it had
9 something to do with reserves.

10 Q. Is it then fair to say that
11 you took no part in Project Rockford?

12 A. This is correct.

13 Q. Do you have an understanding
14 as you sit here today as to why the
15 reserves committee that we spoke about
16 before and which you were a member of
17 was formed?

18 A. I do not know.

19 Q. Do you have an understanding
20 of what the goals and tasks and duties
21 were of the reserves committee?

22 A. These duties and goals were
23 not specified in December.

24 Q. Were they subsequently
25 specified?

0069

1 MATTHIAS BICHSEL

2 A. The reserves committee that

3 was formed in December was effectively,
4 you know, stopped functioning sometime
5 in early 2004, and the new reserves
6 committee was reconstituted in I
7 believe the second quarter of 2004.

8 Q. When you say the new
9 committee, what do you mean by new
10 committee?

11 A. It was a new committee in as
12 much that it had a clear charter, it
13 had different members on that
14 committee.

15 Q. Why did the reserves
16 committee which you served on at the
17 end of 2003 and into the beginning of
18 2004, do you have an understanding as
19 to why that committee ceased to exist?

20 A. I was not informed of that.

21 Q. Who initiated the reserves
22 committee that existed at the end of
23 2003 and into 2004, do you know whose
24 idea it was to create that committee?

25 A. I do not know.

0070

1 MATTHIAS BICHSEL

2 Q. Who contacted you about
3 becoming a member of that committee?

4 A. Mr. Frank Coopman informed
5 me that I will be or shall be a member
6 of this reserves committee.

7 Q. Do you recall having
8 discussed the reserves committee and
9 your role on the reserves committee
10 with Walter van de Vijver?

11 A. No, I have not discussed
12 with Walter.

13 Q. No, you don't remember or
14 no, you didn't discuss it with him?

15 A. I do -- I remember that I
16 did not discuss with Mr. van de Vijver.

17 Q. Other than Mr. Coopman, did
18 you discuss your role as being a member
19 of the reserves committee with anybody

20 else?

21 A. I talked to Mr. John Darley
22 about the reserves committee.

23 Q. Can you think of anybody
24 else that you spoke to about your role
25 as a member of the reserves committee

0071

1 MATTHIAS BICHSEL
2 in late 2003 and early 2004?

3 A. I do not.

4 Q. We may have covered this.
5 If we did I apologize. But again, do
6 you have an understanding -- withdrawn.

7 If you don't have an independent
8 understanding, have you ever been
9 informed as to why the reserves
10 committee ceased to exist in the first
11 quarter of 2004?

12 A. I have not been informed of
13 that.

14 Q. The new committee that was
15 established in I think you said the
16 third quarter of 2004?

17 A. The second quarter.

18 Q. I'm sorry, the second
19 quarter of 2004, what kind of committee
20 was that? How did it differ from its
21 predecessor?

22 A. This committee was
23 established as part of a new structure
24 in terms of how EP is going about
25 reporting, challenging, supporting,

0072

1 MATTHIAS BICHSEL
2 assuring that there is a control
3 framework around the proved reserves
4 reporting.

5 Q. And how did it go about
6 doing that?

7 A. I do not understand the
8 question.

9 Q. How did it go about
10 establishing a new structure on how EP

11 controlled the framework of proved
12 reserves reporting?

13 A. I still do not understand
14 the question.

15 Q. Well, how did the new
16 committee that was formed -- does the
17 have -- by the way, does it have a
18 specific name, the new committee,
19 technical name?

20 A. It's called the reserves
21 committee.

22 Q. I guess my first question
23 then, let's back up a second, how did
24 the new reserves committee differ from
25 the old reserves committee?

0073

1 MATTHIAS BICHSEL

2 MS. ASHTON: Asked and

3 answered. I think you've asked him
4 that three times.

5 A. The new reserves committee
6 had a clear charter. It was formed to
7 be there in order to assure that
8 there's a control framework around
9 reserves reporting. It provides
10 challenge as to the reserves bookings.
11 It ensures that there is training and
12 that people are being trained. So it's
13 fundamentally a control organ of the EP
14 business.

15 The reserves committee that
16 I was informed to join in December 2003
17 did not have that explicit charter as
18 far as I recall.

19 Q. Who else served on the new
20 reserves committee?

21 A. The chairman of the new
22 reserves committee was and still is Mr.
23 Simon Henry, Mr. Darley, myself, and
24 Mr. Michiel Kool.

25 Q. Is that spelled C-o-l-e?

0074

1 MATTHIAS BICHSEL

2 A. K-o-o-l, a Dutchman.

3 Q. I was close.

4 A. A Dutchman. Michael,
5 Michiel.

6 Q. Does that committee still
7 exist today?

8 A. There are some others, but --

9 Q. I'm sorry, I'm sorry to
10 interrupt.

11 A. Yes, there's Mr. Bob Deere
12 is on that committee as well. Plus the
13 rest I do not recall today. That
14 committee still exists.

15 Q. And that committee again was
16 established in the second quarter of
17 2004 and continues till now, which is
18 2006, correct?

19 A. That's correct.

20 Q. What was your role -- what
21 is your role on that committee, the new
22 reserves committee?

23 A. Can you specify the time
24 frame?

25 Q. Yes, between 2004 and 2006

0075

1 MATTHIAS BICHSEL

2 I'd like to understand what your
3 contribution to the new reserves
4 committee has been over that course of
5 time. If your position or your
6 responsibilities have changed, if you
7 could indicate how it's changed I would
8 appreciate that.

9 A. From -- I was -- I'm a
10 member of the reserves committee until
11 March of 2006. As a member I have a
12 collective responsibility to determine
13 that indeed the control and assurance
14 framework is in place.

15 Since March, that's why I
16 asked the question on the time
17 framework, since March of 2006 I am
18 accountable for the technical content

19 of the reserves bookings that are being
20 reported at the end of the year.

21 Q. Who specifically does the
22 reserves committee report to, the new
23 reserves committee to which you just
24 discussed?

25 A. I do not know or do not
0076

1 MATTHIAS BICHSEL

2 recall the exact reporting line.

3 Q. Do you have a better
4 understanding of who the reserves
5 committee reports to?

6 A. The chairman, Mr. Simon
7 Henry.

8 Q. You mentioned a few moments
9 ago with respect to the old reserves
10 committee that you had some discussions
11 with Mr. John Darley with respect to
12 the formation of that committee when
13 that committee was formed, I'm talking
14 again about the old reserves committee.
15 Can you describe for me what you
16 discussed with Mr. Darley with respect
17 to the formation of the old reserves
18 committee?

19 A. I inquired as to what the
20 role of this reserves committee would
21 have.

22 Q. And what did he tell you the
23 role would be?

24 A. He told me that this will be
25 determined.

0077

1 MATTHIAS BICHSEL

2 Q. Did you ever have any
3 subsequent conversations with Mr. John
4 Darley in which you discussed in more
5 detail the role of the old reserves
6 committee?

7 A. No, I did not.

8 Q. Did you discuss it with
9 anybody else on the committee on which

10 you served as to what the role of that
11 committee was?

12 A. I discussed that same
13 question with Mr. Frank Coopman.

14 Q. Okay. Can you tell us the
15 discussion you had with Mr. Coopman
16 about that issue?

17 A. I inquired as to what the
18 role and the charter of this reserves
19 committee will be and what my
20 particular role will be on the reserves
21 committee.

22 Q. And what did Mr. Coopman
23 tell you your role would be?

24 A. He did not tell me what my
25 role would be. He told me that it will

0078

1 MATTHIAS BICHSEL

2 be determined what exactly that
3 reserves committee would be charged
4 with doing.

5 Q. Did it ever become evident
6 to you as a member of the old reserves
7 committee what the projected role or
8 responsibilities or tasks of that
9 committee were going to be?

10 MS. ASHTON: Objection. You
11 can answer.

12 A. This was never bottomed out
13 what the role of the old reserves
14 committee shall be.

15 Q. So then it's fair to say
16 that you served on this as a member of
17 the reserves committee without an
18 understanding of what the
19 responsibilities or goals of that
20 committee were going to be?

21 MS. ASHTON: Objection.

22 Q. Is that fair to say?

23 A. That is fair to say.

24 Q. Okay. I want to turn your
25 attention now, Mr. Bichsel, to the

0079

1 MATTHIAS BICHSEL

2 formation of the Shell Deepwater
3 Services. Do you recall that you
4 testified earlier that you were the
5 director of Shell Deepwater Services?
6 I'll refer to that as SDS, can we agree
7 to that, that we'll refer to Shell
8 Deepwater Services as SDS?

9 A. I recall and I agree.

10 Q. Okay. Can you describe for
11 me how Shell Deepwater Services came
12 into existence, please?

13 A. In 1999 a study was
14 undertaken of how to improve the
15 performance of our deepwater aspects of
16 the exploration and production
17 business. We had two organizations.
18 One was based in the United States and
19 that was called Shell Deepwater
20 Development Services organization.
21 That was mainly an engineering
22 organization, so people who would put
23 platforms together.

24 Then we had a second
25 organization that was based in Holland

0080
1 MATTHIAS BICHSEL

2 that was called Shell International
3 Deepwater Services. And that was busy
4 with the business outside the United
5 States, and that was mainly around
6 business development and subsurface
7 evaluation.

8 In 1999 it was out of that
9 study determined that a best way
10 forward is to combine the expertise and
11 knowledge that Shell had at the time in
12 the exploration and production business
13 with respect to deepwater.

14 I repeat that deepwater is
15 about the water depth and any of the
16 business that is conducted in water
17 depths exceeding 500 meter.

18 In the middle of 1999, it
19 was decided to establish a new
20 organization called Shell Deepwater
21 Services, and to combine effectively
22 these two previous organizations and to
23 bring in other people that would have
24 been at the time in operating units
25 that were conducting deepwater

0081

1 MATTHIAS BICHSEL

2 organizations into this organization to
3 create a critical mass to then execute
4 the deepwater business. By -- the
5 Shell Deepwater Services in particular
6 was an organization that provided
7 services pertaining to subsurface
8 evaluation, to well engineering,
9 drilling, in other words, and
10 development engineering to the
11 operating units, the legal entities
12 that were busy in conducting deepwater
13 operations on our global footprint that
14 we had at the time.

15 Q. Have you completed your
16 answer?

17 A. Yes.

18 Q. I'd like you to tell me --
19 you testified that a study was
20 undertaken to improve Deepwater
21 Services. Do you recall having said
22 that at the beginning of your response,
23 your last response?

24 A. I do recall.

25 Q. When you say a study, what

0082

1 MATTHIAS BICHSEL

2 kind of study are you referring to?

3 A. That was a -- a paper study
4 whereby a business case was basically
5 worked out whether and if so how the
6 best way we could bring together the
7 expertise that we had, effectively,
8 within -- within the Shell organization

9 on the one structure to leverage
10 effectively to create a critical mass
11 of expertise.

12 Q. Was this an internal Shell
13 study performed by people inside Shell
14 or was an outside consultant of some
15 sort hired by Shell to conduct this
16 study on Shell's behalf?

17 A. This was a study done by
18 Shell people within Shell.

19 Q. Do you have an independent
20 understanding of who at Shell conducted
21 this study specifically?

22 A. I do not recall who the
23 members were.

24 Q. Were you one of the people
25 that was asked to conduct this study?

0083

1 MATTHIAS BICHSEL

2 A. I was not.

3 Q. To the best of your
4 knowledge, did this study that was
5 conducted, did it result in a
6 conclusion, some kind of written
7 conclusion of what the results of the
8 study were?

9 A. There was a document that
10 summed up the outcome of this study
11 which resulted in the recommendation to
12 create an organization called Shell
13 Deepwater Services.

14 Q. Have you ever seen the
15 conclusions of that study? Have you
16 ever reviewed the study to make -- that
17 made the determination to create Shell
18 Deepwater Services?

19 A. I have seen the document.

20 Q. You don't have the document
21 that you're referring to here with you
22 today, do you?

23 A. No, I don't.

24 Q. And is it fair to say that
25 this study was conducted in 1999?

0084

1 MATTHIAS BICHSEL

2 A. That is correct.

3 Q. You testified a few moments
4 ago, I don't know if I got it down
5 correctly, but maybe you can help me,
6 that SDS, or Shell Deepwater Services,
7 was created out of two prior Shell
8 entities, one was located in the United
9 States and one was located in Holland.
10 Do you recall having testified to that
11 effect?

12 A. That is correct. I also
13 indicated that there were other people
14 with expertise in operating units
15 around the world.

16 Q. Okay. Can you again just so
17 that I have it in my head, can you
18 again tell me what the United States
19 entity was that became the impetus for
20 SDS? I think you said Shell Deepwater
21 Development Services; is that accurate?

22 MS. ASHTON: Objection to
23 form. But you can answer if you know,
24 if you understand.

25 A. The entity in the United

0085

1 MATTHIAS BICHSEL

2 States was called Shell Deepwater
3 Development Services.

4 Q. When did Shell Deepwater
5 Development Services come into
6 existence?

7 A. I do not know.

8 Q. Were you involved at all in
9 -- withdrawn.

10 Have you ever had any reason
11 to interact with Shell Deepwater
12 Development Services since you became
13 employed by the Shell company in or
14 around 1980?

15 A. No, I did not.

16 Q. Do you have an understanding

17 of what Shell Deepwater Development
18 Services does or did prior to its
19 merger into Shell Deepwater Services?

20 MS. ASHTON: Objection to
21 the characterization of what happened.
22 I'm not sure it was a merger, but --

23 Q. Okay, so I'll rephrase.

24 Do you have an understanding
25 of what the responsibilities and tasks

0086

1 MATTHIAS BICHSEL
2 of the Shell Deepwater Development
3 Services was?

4 A. Yes.

5 Q. Okay, could you explain that
6 to me, please.

7 A. This was an organization
8 that was charged with developing the
9 deepwater accumulations in the Gulf of
10 Mexico. Their particular task was to
11 design, to fabricate and to install
12 deepwater platforms, in particular the
13 tension leg platforms, we have five of
14 those in the Gulf of Mexico, as well as
15 to tie back subsea developments into
16 these platforms. So that was an
17 engineering organization.

18 Q. Just so that I'm clear, I'm
19 sorry for being so fundamental about
20 this, but when you use the term
21 platforms, what do you specifically
22 mean by that in layman's terms?

23 A. A platform in deepwater is a
24 floating device that allows to take
25 pipes from the sea bottom up to the

0087

1 MATTHIAS BICHSEL
2 surface for the purpose of producing
3 oil and gas as well as water, as well
4 as pipes from the surface down into the
5 sea bottom to inject chemicals, or to
6 -- hydraulic fluids to open and close
7 valves.

8 Such a platform floats, but

9 it is tethered to the seabed with steel

10 rods in order that it doesn't float

11 away.

12 Q. Do you have an understanding

13 as to when Shell Deepwater Development

14 Services came into existence?

15 A. I do not know.

16 Q. Do you have an understanding

17 as to whose idea it was to create an

18 entity, and I don't use that in a legal

19 sense, I mean a unit called Shell

20 Deepwater Development Services, do you

21 know whose idea it was to create such a

22 body?

23 A. No, I do not know.

24 Q. Do you know anyone that

25 served as a -- on the team of Shell

0088

1 MATTHIAS BICHSEL

2 Deepwater Development Services?

3 A. Yes.

4 Q. Who in particular do you

5 know was a member of the Shell

6 Deepwater Development Services team?

7 A. Mr. Mahdi Hasan. He was the

8 head of Shell Deepwater Development

9 Services prior to the formation of

10 Shell Deepwater Services.

11 Q. And just so that the record

12 is clear, you said Mahdi Hasan?

13 A. Mahdi, M-a-h-d-i.

14 Q. And Hasan is H-a-s-a-n?

15 A. Correct.

16 Q. I know you testified earlier

17 that Shell Deepwater Development

18 Services was located in the United

19 States. Where in particular was it

20 located?

21 A. It was located, offices in

22 New Orleans, as well as in Houston,

23 Texas.

24 Q. Other than Mr. Hasan, do you

25 know anybody else from the Shell

0089

1 MATTHIAS BICHSEL

2 company that served as a member of the
3 Shell Deepwater Development Services?

4 A. Would you specify the
5 question. Any member?

6 Q. Well, I'm trying to get a
7 sense of who worked at Shell Deepwater
8 Development Services either in New
9 Orleans or in Houston. And you
10 mentioned Mr. Hasan was one person that
11 was there prior to the formation of
12 SDS, and I'm curious if you can recall
13 as you sit here today anybody else who
14 worked at Shell Deepwater Development
15 Services?

16 A. Mr. Robert Patterson, Mr.
17 Chuck Enze, Mr. Bill Luyties.

18 Q. You've just got to slow --
19 I'm sorry, you just have to slow down a
20 little bit so that the court reporter
21 can get this down.

22 A. Okay, I start again. Mr.
23 Robert Patterson, Mr. Chuck Enze,
24 E-n-z-e, Mr. Bill Luyties,
25 L-u-y-t-i-e-s, Mr. Doug Peart.

0090

1 MATTHIAS BICHSEL

2 Q. Did any of the people that
3 worked at Shell Deepwater Development
4 Services when Shell Deepwater Services
5 was created, did any of those people
6 move from Shell Deepwater Development
7 Services into SDS?

8 A. Describe move.

9 Q. Well Shell Deepwater
10 Development Services was one of the
11 entities, for lack of a better word,
12 that later became -- comprised Shell
13 Deepwater Services, correct?

14 A. That's correct.

15 Q. Okay. And my question to

16 you is can you recall any personnel
17 that worked at Shell Deepwater
18 Development Services that when Shell
19 Deepwater Services was created they
20 became members of Shell Deepwater
21 Services?

22 MS. ASHTON: When you say
23 members, you mean employees?

24 MR. ARANOFF: Employees of,
25 yes.

0091

1 MATTHIAS BICHSEL

2 A. These people that I have
3 just mentioned they became members of
4 Shell Deepwater Services.

5 Q. Okay. How about Mr.
6 Christopher Varley, did Mr. Varley work
7 at Shell Deepwater Development
8 Services?

9 A. I do not know.

10 Q. Do you know a gentleman by
11 the name of Derek Newberry?

12 A. Yes, I do.

13 Q. Do you know whether he ever
14 worked at Shell Deepwater Development
15 Services?

16 A. I do not know.

17 Q. Do you know a gentleman by
18 the name of Barry Knight?

19 A. I do.

20 Q. Do you know whether he ever
21 worked at Shell Deepwater Development
22 Services?

23 A. I do not recall.

24 Q. Do you know a gentleman by
25 the name of Patrick McVeigh?

0092

1 MATTHIAS BICHSEL

2 A. I do.

3 Q. Do you know whether he ever
4 worked at Shell Deepwater Development
5 Services?

6 A. I do know that he did not

7 work for SDDS.

8 Q. Okay. And how do you know
9 that?

10 A. Because he was recruited
11 after Shell Deepwater Services came
12 into existence into Shell Deepwater
13 Services.

14 Q. Do you know a gentleman by
15 the name of Richard Sears?

16 A. I do.

17 Q. Do you know whether he ever
18 worked at Shell Deepwater Development
19 Services?

20 A. I do know that he did not
21 work for Shell Deepwater Development
22 Services.

23 Q. And how do you know that?

24 A. Because he worked for Shell
25 Oil, Inc.

0093

1 MATTHIAS BICHSEL

2 Q. Do you know a gentleman by
3 the name of Mark Leonard?

4 A. I do.

5 Q. Do you know whether Mr.
6 Leonard ever worked for Shell Deepwater
7 Development Services?

8 A. I do not know.

9 Q. I think you testified that
10 Shell Deepwater Development Services
11 had offices in New Orleans and in
12 Houston, Texas; is that correct?

13 A. That's correct.

14 Q. Was there any specific tasks
15 that were done by Shell Deepwater
16 Development Services in New Orleans
17 specifically -- for any specific
18 reasons? Was the -- that's a bad
19 question, so let me withdraw it.

20 Was the division of work for
21 Shell Deepwater Development Services
22 specific to New Orleans and to Houston
23 for any specific reason?

24 A. I am not familiar why they
25 split the two locations.

0094

1 MATTHIAS BICHSEL

2 Q. Did you have any reason
3 whatsoever in any of your previous
4 employs to interact with Shell
5 Deepwater Development Services?

6 A. No, I did not.

7 Q. Do you know whether Shell
8 Deepwater Development Services, which I
9 testified earlier was based in the
10 United States, also had satellite
11 offices at any other place around the
12 world?

13 A. I do not know.

14 Q. Do you know whether Shell
15 Deepwater Development Services had any
16 at any point interacted with any Shell
17 operating units around the world?

18 A. I do not know.

19 Q. Who would be in a better
20 position to know that information than
21 you, Mr. Bichsel?

22 A. That would be Mr. Mahdi
23 Hasan.

24 Q. You testified earlier that
25 Shell International -- that there was a

0095

1 MATTHIAS BICHSEL

2 Holland counterpart to Shell Deepwater
3 Development Services. You didn't use
4 the word counterpart, I am, so let me
5 just say that up front. But you said
6 there was a Holland entity I think you
7 said known as Shell International
8 services business? Maybe I misheard
9 you, I apologize. But do you
10 understand what I'm referencing when I
11 say another counterpart entity to Shell
12 Deepwater Development Services in
13 Holland?

14 A. I do understand.

15 Q. Okay. Could you explain to
16 me what the name of that entity was and
17 what its job responsibilities and tasks
18 were, please.

19 A. The name was Shell
20 International Deepwater Services,
21 abbreviated SIDS. Its role was to
22 provide services to Shell operating
23 units involved in deepwater operations
24 around the subsurface evaluation, as
25 well as well engineering, or commonly

0096

1 MATTHIAS BICHSEL

2 known as drilling.

3 Q. How did the role of Shell
4 International Deepwater Services
5 differ from the role of Shell
6 Deepwater Development Services?

7 MS. ASHTON: Objection. You
8 can answer if you know.

9 A. The role of Shell development
10 -- Shell Deepwater Development Services
11 was mainly around engineering. It was
12 solely used for the development projects
13 that we had in the Gulf of Mexico in the
14 United States at the time, whereas Shell
15 International Deepwater Services provided
16 services to operating units operating
17 outside the Gulf of Mexico. At that
18 stage we were exploring and planning the
19 development of deepwater, but we didn't
20 do any engineering internationally.

21 Q. Did you have any reason to
22 interact -- withdrawn.

23 Were you a member of Shell
24 International Deepwater Services?

25 A. I was not.

0097

1 MATTHIAS BICHSEL

2 Q. Did you have any reason in
3 any of your employs at Shell to
4 interact with the Shell International
5 Deepwater Services?

6 A. I interacted with Shell
7 International Deepwater Services in my
8 role as exploration director for
9 Petroleum Development Oman. In Oman at
10 the time we were negotiating with the
11 government. When I say we, I mean
12 Shell was negotiating with the
13 Government of Oman the acquisition of a
14 deepwater block.

15 Q. Did you take any part in the
16 negotiation with the Omani government
17 on -- in an attempt to get a block as
18 you just described?

19 A. I was not employed by Shell
20 at that time, I was employed by POHOL,
21 which is a legal entity which however
22 is a hundred percent Shell company.
23 But as I advised on the geology of that
24 deepwater block the people in Shell in
25 the business development that were

0098

1 MATTHIAS BICHSEL
2 doing the negotiations with the
3 Government of Oman.

4 Q. Did your negotiations with
5 Oman ever result in discussions about
6 license concessions involving the Omani
7 government and Shell and the Omani
8 government?

9 MS. ASHTON: Objection. I'm
10 not sure he said he was negotiating.

11 Q. It's a separate question
12 having nothing to do with the question
13 before. I apologize if I'm confusing.
14 But my question, separate and apart
15 from your previous answer, was did you
16 ever play a part in negotiating license
17 concessions on behalf of Shell with the
18 Omani government?

19 A. I did not.

20 Q. Who did -- who did -- well,
21 withdrawn.

22 Do you know of anyone that

23 did have negotiations with the Omani
24 government about license concessions
25 when you were with PDO Oman?

0099

1 MATTHIAS BICHSEL

2 A. I do not recall who that
3 was.

4 Q. Okay. I listed a number of
5 people before with respect to our
6 discussion on Shell Deepwater Development
7 Services with an eye towards figuring out
8 whether any of those people worked at
9 Shell Deepwater Development Services and
10 then went to work for Shell Deepwater
11 Services. I'd like to ask the same
12 question with respect to Shell
13 International Deepwater Services. Do you
14 know whether Mr. Sears ever worked at
15 Shell International Deepwater Services?

16 A. I do not know.

17 Q. Do you know whether Mr.
18 Newberry ever worked at Shell?

19 A. I do not know.

20 Q. Same question for Mr.
21 Knight?

22 A. I do not know.

23 Q. Same question for Mr.
24 McVeigh?

25 A. I recall that Mr. McVeigh

0100

1 MATTHIAS BICHSEL

2 joined Shell Deepwater Services from a
3 different organization, not Shell
4 International Deepwater Services.

5 Q. How about Mr. Leonard, do
6 you know whether Mr. Leonard ever
7 worked at Shell International Deepwater
8 Services?

9 A. I do not know.

10 Q. Do you have an understanding
11 as to when Shell International
12 Deepwater Services came into existence?

13 A. I do not know.

14 Q. Do you have an understanding
15 as to who was the director of Shell
16 International Deepwater Services?

17 A. I do not know.

18 Q. You mentioned earlier that
19 Shell International Deepwater Services
20 had -- was based in Holland. Do you
21 recall that?

22 A. Correct.

23 Q. Do you know where in Holland
24 it was based?

25 A. In Rijswijk.

0101

1 MATTHIAS BICHSEL

2 Q. Do you know whether Shell
3 International Deepwater Services had
4 any offices in the United States?

5 A. I do not know.

6 Q. Who would be in a better
7 position to know that information than
8 you, Mr. Bichsel?

9 A. I would not know.

10 Q. You mentioned earlier that
11 somebody that would have more
12 information about Shell Deepwater
13 Development Services might be a
14 gentleman by the name of Mahdi Hasan.
15 Do you recall having said that?

16 A. I did.

17 Q. Do you know whether -- do
18 you have an understanding as you sit
19 here today about a person that might
20 have similar knowledge to Mr. Hasan on
21 the entity known as Shell International
22 Deepwater Services?

23 A. I do not recall who the head
24 of Shell International Deepwater
25 Services was. I do recall two members

0102

1 MATTHIAS BICHSEL

2 of that team.

3 Q. And who were they?

4 A. One of them was a Mr. Ebbie

5 Haan, and an other member was Mr.

6 Martin Bailey.

7 Q. And I may have asked you
8 this before and if I did I apologize.

9 Is Mr. Hasan still employed by the
10 Shell company?

11 A. Mr. Hasan has retired from
12 Shell.

13 Q. And how about Mr., I may be
14 mispronouncing this so I apologize, Mr.
15 Ebbie Haan, is he still employed -- is
16 that a male or female?

17 A. A male.

18 Q. Is Mr. Haan still employed
19 by the Shell company?

20 A. He is.

21 Q. Do you know where Mr. Haan
22 is now?

23 A. He is currently working in
24 the Netherlands.

25 Q. And what about Mr. Martin

0103

1 MATTHIAS BICHSEL

2 Bailey, do you know Mr. Martin Bailey?

3 A. I do know Mr. Martin Bailey.

4 Q. Is Mr. Bailey still employed
5 by the Shell company now?

6 A. Yes.

7 Q. Do you know where he is
8 located?

9 A. He's located in Rijswijk.

10 Q. At what point, Mr. Bichsel,
11 did you become -- did you get contacted
12 about becoming involved in SDS?

13 A. That was in the second
14 quarter of -- now I have to think.

15 Q. Take your time.

16 A. Of 1999.

17 Q. Who contacted you about
18 becoming involved in SDS?

19 A. I was informed by my then
20 boss, Mr. Brian Ward, who was the
21 managing director of Petroleum

22 Development Oman, that I had been
23 selected to become the director of
24 Shell Deepwater Services.

25 Q. And in conjunction with that
0104

1 MATTHIAS BICHSEL
2 position did you have to relocate?

3 A. Yes, sir.

4 Q. And you relocated I think
5 from Oman to Houston, Texas; is that
6 correct?

7 A. That's correct.

8 Q. Is this the first time that
9 you ever had any interaction with Mr.
10 Ward?

11 A. Mr. Ward was my boss in
12 Petroleum Development Oman, so I had
13 daily, nearly daily interaction with
14 Mr. Ward.

15 Q. Was Mr. Ward also being
16 informed that he would be moving to
17 Shell Deepwater Services?

18 A. Mr. Ward was not informed,
19 nor did he move to Shell Deepwater
20 Services.

21 Q. Were you requested to take
22 this new position, or were you
23 essentially ordered as part of your
24 employ to take this new position at
25 Shell Deepwater Services?

0105

1 MATTHIAS BICHSEL

2 A. I was asked to take that
3 job.

4 Q. Was taking the job as the --
5 withdrawn.

6 You were immediately made
7 the director of Shell Deepwater
8 Services; is that accurate?

9 A. The title was director,
10 correct.

11 Q. And that is essentially the
12 highest position within Shell Deepwater

13 Services; is that accurate?

14 A. That's correct.

15 Q. So is it fair to say that
16 this request that you take this
17 position or this offer to take this
18 position was a promotion for you?

19 A. That's correct.

20 Q. You testified before that
21 the US entity, Shell Deepwater
22 Development Services had offices in New
23 Orleans and in Houston, Texas, do you
24 recall having said that?

25 A. I do recall.

0106

1 MATTHIAS BICHSEL

2 Q. When Shell Deepwater
3 Services was formed, in 1999, correct?
4 It was formed in 1999 Shell Deepwater
5 Services?

6 A. Correct.

7 Q. It also had offices in
8 Houston, Texas and in New Orleans,
9 Louisiana?

10 A. That's correct.

11 Q. Did SDS take over the
12 offices that had previously been used
13 by Shell Deepwater Development
14 Services?

15 A. That is only partly correct.

16 Q. Okay.

17 A. Shell Deepwater Services
18 included the -- used the offices that S
19 -- Shell development -- Deepwater
20 Development Services used. So they
21 were taken into the Shell Deepwater
22 Services on the premises in New Orleans
23 and in Houston.

24 Q. Okay. At the time that
25 Shell Deepwater Services was formed,

0107

1 MATTHIAS BICHSEL

2 did Shell Deepwater Development
3 Services cease to exist or did it

4 continue to exist?

5 A. I do not recall whether
6 Shell Deepwater Development Services as
7 a legal entity ceased to exist or
8 continued to exist.

9 Q. Well, I'm not as concerned,
10 Mr. Bichsel, with the legal status of
11 it as I am -- I just want to know
12 whether an entity called Shell
13 Deepwater Development Services or any
14 kind of successor to it continued to
15 exist after Shell Deepwater Services
16 was created and formed?

17 A. As I said, from a legal
18 point of view, Shell Development
19 Deepwater Services I do not know.
20 However, as an organizational entity it
21 ceased to exist.

22 Q. Okay. If you said that I
23 apologize, I didn't hear you, sorry.

24 How about Shell
25 International Services, Shell

0108

1 MATTHIAS BICHSEL

2 International Deepwater Services, at
3 the time of the creation of SDS, did
4 Shell International Deepwater Services
5 continue to exist or cease to exist in
6 layman's terms, not as a legal entity?

7 A. As an organizational unit it
8 was absorbed into Shell Deepwater
9 Services.

10 Q. And the employees at Shell
11 International Deepwater Services, did
12 they become employees of Shell
13 Deepwater Services, or did they go --
14 or did they go to other places within
15 Shell, within the Shell organization?

16 A. The answer is some did and
17 some didn't.

18 Q. In 1999 when Shell Deepwater
19 Services was created, you testified
20 that they had offices in Houston, Texas

21 and in New Orleans, Louisiana. Do you
22 recall having said that?

23 A. I do.

24 Q. What kind of work did Shell
25 Deepwater Services do in Houston,
0109

1 MATTHIAS BICHSEL

2 Texas?

3 A. The Shell Deepwater Services
4 in Houston, Texas, provided services to
5 operating -- to companies that operated
6 in deepwater, both in the Gulf of
7 Mexico as well as in other parts of the
8 world.

9 Q. Okay. And what portion of
10 SDS's work was performed in New
11 Orleans, Louisiana?

12 A. In New Orleans, in Louisiana
13 we had mainly engineering staff that
14 were installing, working on facilities
15 engineering, the platforms that I
16 explained before.

17 Q. Right.

18 A. In the Gulf of Mexico. We
19 had also subsurface staff, that is
20 people, geologists and petroleum
21 engineers that were providing
22 specialist services to Shell Oil. And
23 by specialist services I mean things
24 around drilling services, determining
25 the age of sediments and things like
0110

1 MATTHIAS BICHSEL

2 that.

3 Q. Did SDS at any point in time
4 while you were there, which I understand
5 was from 1999 till 2001, correct?

6 A. That's correct.

7 Q. At any point in time did SDS
8 have any offices outside of the United
9 States?

10 A. No, we did not.

11 MR. ARANOFF: Bichsel 2,

12 please.

13 (Bichsel Exhibit 2 for
14 identification, email with attached
15 updated executive talent book.)

16 Q. Mr. Bichsel, the court
17 reporter has just handed you what's
18 been marked as Bichsel 2 for purposes
19 of identification. I'd ask that you
20 review it for a few moments, take as
21 much time as you need, look up at me
22 when you're done, I'd like to ask you a
23 question, please.

24 All set, Mr. Bichsel?

25 A. I scanned through it.

0111

1 MATTHIAS BICHSEL

2 Q. Have you had ample time to
3 look through the document?

4 A. No, could you please --

5 Q. I'm sorry, would you like to
6 take some more time to look through it?
7 I don't want to rush you, sir.

8 A. Could you explain to me what
9 you mean by review?

10 Q. Yes, I'm handing you a
11 document, I'm going to be asking you
12 some questions. It's a complete
13 document. To be perfectly frank with
14 you, I only intend on asking you about
15 the personal overview pertaining to
16 yourself, but since this is the
17 complete document I want you to be able
18 to look at it as much as you need
19 before I ask any questions. If you've
20 had an ample amount of time to look at
21 it, I can proceed. If you need more
22 time, I'll be happy to wait for you.

23 A. You can proceed.

24 Q. Okay. Mr. Bichsel, I've
25 handed you what's been marked Bichsel 2

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1 MATTHIAS BICHSEL

2 for purposes of identification. The

3 top of the page is a, looks like an
4 email from a person by the name of
5 Elleke Markus-Odenkirchen to Jim Cooper
6 with a cc to Carol Dubnicki. The date
7 this was sent was June 17th, 2002 and
8 the subject is an updated executive
9 talent book with a series of
10 attachments, one of which is a personal
11 overview involving yourself. I've
12 handed it to you, given you an
13 opportunity to review it. I'd like to
14 ask you a question with respect to the
15 personal overview --

16 MS. ASHTON: I think it says
17 person overview.

18 Q. I'm sorry, person overview, I
19 apologize. Person overview pertaining to
20 yourself which I think is on the sixth to
21 last page of the handout. Do you see
22 where I'm referring?

23 A. I believe I do.

24 Q. And at the top it says
25 person overview, name, Matthias

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1 MATTHIAS BICHSEL
2 Bichsel, position, director,
3 exploration, SIEP, held since March
4 2002, and has a variety of other
5 pedigree information on there. Do you
6 see that, on top of the page?

7 A. I do.

8 Q. And then in the top quarter
9 of the page it says career overview and
10 it says year, 1999, director, Shell
11 Deepwater Services. Do you see that?

12 A. I do.

13 Q. And then it says company,
14 SIEP, S-I-E-P, do you see that?

15 A. I do.

16 Q. Do you have an understanding
17 of what SIEP stands for?

18 A. Shell International
19 Exploration & Production.

20 Q. And next to it it says,
21 location, The Hague. Do you see that?

22 A. Yes.

23 Q. I think I asked you before
24 whether Shell Deepwater Services had
25 any offices outside of the United

0114

1 MATTHIAS BICHSEL
2 States and I think you testified that
3 the answer to that was no; is that
4 accurate?

5 A. I do.

6 Q. Do you recall having
7 testified to that effect?

8 A. I do recall that, correct.

9 Q. Do you also see that in this
10 document it says that the location of
11 the director of Shell Deepwater
12 Services was The Hague? Do you see
13 that?

14 A. Yes, I do see that.

15 Q. Can you explain why if Shell
16 Deepwater Services does not have
17 offices outside of the United States
18 and you were the director of Shell
19 Deepwater Services, why on your person
20 overview it says that your location was
21 at The Hague in 1999?

22 A. I cannot explain that.

23 Q. Okay. Thank you.

24 With respect to this, one
25 last question. Did you have an

0115

1 MATTHIAS BICHSEL
2 opportunity to prepare your own person
3 overview, the one that I just handed
4 you as Bichsel 2 for purposes of
5 identification?

6 A. I have never seen that.

7 Q. Do you know who is
8 responsible at Shell for preparing
9 person overviews for Shell employees?

10 A. At that time?

11 Q. Yes, please.

12 A. That was Ms. Carol Dubnicki,
13 she was the HR director for EP.

14 Q. Just so we're clear once and
15 for all, your understanding as you sit
16 here today for the years that you
17 served as director of Shell Deepwater
18 Services, SDS did not maintain an
19 office in The Hague; is that accurate?

20 A. That is absolutely accurate,
21 yes.

22 Q. I know that you testified a
23 little earlier today that when SDS was
24 forming you were asked by Mr. Ward to
25 become the director of Shell Deepwater

0116

1 MATTHIAS BICHSEL

2 Services. Do you remember having
3 testified to that effect?

4 A. Yes.

5 Q. Were you involved at all in
6 the structuring and planning and
7 establishment, physical establishment
8 of SDS?

9 A. I was not involved in the
10 planning. I was involved in the
11 establishment.

12 Q. And when you say you were
13 involved in the establishment, could
14 you explain what you mean by that,
15 please?

16 A. Shell Deepwater Services did
17 not exist in the first half of '99.
18 Shell Deepwater Services was formed in
19 the second half of 1999. I was appointed
20 as its director. And my first task was
21 to effectively build the organization.

22 I built that organization by
23 incorporating people from Shell
24 Deepwater -- Shell Development --
25 Deepwater Development Services based

0117

1 MATTHIAS BICHSEL

2 out of the States, and I recruited
3 using the -- our Shell internal open
4 resourcing process people into,
5 technical people into that, and
6 financial people and other people into
7 that organization.

8 Q. So were you responsible
9 personally for interviewing personnel
10 of people that would come to work at
11 Shell Deepwater Services?

12 A. I was responsible for
13 interviewing the senior-most people,
14 yes.

15 Q. Was there a transition team,
16 for lack of a better word, or a team
17 established in order to get SDS up and
18 running, other than just yourself? It
19 seems like a task that would be too
20 great for one man to undertake.

21 A. The management team was
22 established about at the same time I
23 was appointed. The management team
24 consisted of Mr. Mahdi Hasan who would
25 be running the engineering department,

0118

1 MATTHIAS BICHSEL

2 Mr. Rich Sears, who would be looking
3 after the subsurface elements, that is
4 exploration and field development. And
5 Mr. Buckley, who would be running the
6 well engineering department, and Mr.
7 Frank Neuman, who would be in charge of
8 the finance and administration side of
9 the business.

10 Q. And from the time that you
11 were first contacted by Mr. Ward about
12 assuming this position, how long did it
13 take before SDS was, for lack of a
14 better word, up and running?

15 A. The SDS as an organization
16 leveraged the fact that we had the
17 Shell development -- the Deepwater
18 Development Services organization,

19 which was providing engineering
20 services to Shell Oil in the Gulf of
21 Mexico, and that organization was
22 incorporated into the Shell Deepwater
23 Services organization and they
24 effectively just continued seamlessly
25 with the work that they were doing at
0119

1 MATTHIAS BICHSEL

2 the time.

3 The drilling organization

4 was built up from scratch as well as
5 the subsurface organization, whereby we
6 recruited people in from companies like
7 Shell Oil that were either based in the
8 Houston or New Orleans. We also
9 brought in people that had previous
10 deepwater experience that they have
11 gained in other parts of the Shell --
12 in Shell operations, such as the Far
13 East, or other places like that.

14 Q. It's my understanding that
15 SDS, once it became up and running
16 started providing services to various
17 Shell operating units; is that
18 accurate?

19 A. That is correct.

20 Q. Okay. Can you describe for
21 me the nature of the relationship
22 generically that SDS had with the
23 various Shell operating units? In
24 other words, was it -- was it a --
25 structurally was SDS a part of Shell?

0120
1 MATTHIAS BICHSEL

2 Did it act as an independent
3 contractor? How did -- how did SDS
4 operate and interact with the various
5 other operating units?

6 A. We had a clearly established
7 protocol on how Shell Deepwater Services
8 interacted with other Shell entities.

9 Q. And can you explain for me,

10 please, that protocol.

11 A. I was just about going to do
12 that.

13 Q. Oh, I'm sorry, I didn't mean
14 to interrupt you.

15 A. That protocol was very clear
16 -- Shell Deepwater Services was part of
17 Shell International Exploration &
18 Production, Inc., a US company. And
19 any contact that Shell Deepwater
20 Services had was with Shell
21 International E&P B.V., a Dutch
22 company. Any contact into the
23 operating units outside the United
24 States were made via Shell
25 International B -- Shell International

0121

1 MATTHIAS BICHSEL

2 Exploration -- SIEP, I abbreviate that
3 for SIEP, B.V., the Dutch entity with
4 the operating units that were
5 conducting international, outside the
6 United States, deepwater operations.

7 The way that operated was
8 that we had agreements, and I use that
9 in inverted commas, in a loose term, we
10 called them the cost, time and
11 resources document, CTR for short, CTR.
12 And that CTR document spelled out what
13 services, the scope of the services,
14 the time these services would take, the
15 expertise that these services demanded
16 that would Shell Deepwater Services
17 provide to these operating units.

18 The CTRs, they were
19 channeled from the operating units to
20 Shell International Exploration &
21 Production B.V., the Dutch entity, into
22 SIEP, Inc., into Shell Deepwater
23 Services.

24 Q. So how would you categorize
25 the relationship between SDS, Shell

0122

1 MATTHIAS BICHSEL

2 Deepwater Services, and SIEP?

3 A. SIEP, Inc. is a legal
4 entity, and Shell Deepwater Services
5 was an organization, a part of SIEP,
6 Inc. There were other organizations
7 that were part of SIEP, Inc.

8 Q. What other Shell
9 organizations were part of SIEP, Inc.?

10 A. There was an organization
11 called SEPTAR, which stands for Shell
12 Exploration & Production Technology &
13 Research, and there was a second
14 organization which was called Shell
15 Technology Ventures.

16 Q. During your two years with
17 -- at SDS, as director of SDS, could
18 you recall for me and recount for me
19 which operating units Shell Deepwater
20 Services conducted services for?

21 A. We conducted services for
22 Shell Exploration & Production Company
23 in the United States, in the Gulf of
24 Mexico, for Brazilian entities, for
25 SNEPCO, Shell Nigeria Exploration &

0123
1 MATTHIAS BICHSEL

2 Production Company, for Morocco, I do
3 not recall what the name of that
4 operating unit was called, for Shell
5 Egypt, for Shell Malaysia, for Brunei
6 and for Shell Philippines.

7 Q. As you sit here today --

8 A. As well --

9 Q. I'm sorry.

10 A. As well as for Norske Shell
11 in Norway.

12 Q. And again, you're talking
13 now about Shell Deepwater Services
14 solely for the two years that you
15 served as its director? You're not --
16 you have no -- you don't know, and
17 maybe I'm wrong, do you know whether

18 SDS interacted with any other operating
19 units or performed services for any
20 other operating units after you left
21 Shell Deepwater Services but while the
22 organization continued to exist?

23 A. No, I do not know that.

24 Q. And to the best of your
25 knowledge, as you sit here today, Mr.

0124

1 MATTHIAS BICHSEL

2 Bichsel, is the list that you just were
3 nice enough to provide for me an
4 exhaustive list of everything that you
5 can recall? For example, do you know
6 whether SDS performed any services for
7 any of Shell's assets in Australia,
8 specifically the Northwest Shelf,
9 Gorgon, Sunrise, Evans Shoal or any of
10 those other assets that Shell has in
11 Australia, as an example?

12 A. I do not recall that we
13 provided services for Shell Australia.

14 Q. How about, and again I'm
15 looking at your -- at your very
16 comprehensive list. How about for one
17 of your previous places of employment,
18 how about for PDO, do you know whether
19 SDS performed any services or performed
20 any functions for PDO or Shell's share
21 of PDO in Oman?

22 A. I know for sure that we did
23 not perform any services for PDO. PDO
24 had no deepwater operations.

25 Q. And when you say, just so

0125

1 MATTHIAS BICHSEL

2 that I'm clear and I apologize for my
3 own ignorance, but when you say Norske
4 Shell in Norway, what -- is that the
5 same as Ormen Lange?

6 A. No.

7 Q. Okay, what --

8 A. Norske Shell is the name of

9 our Shell entity.

10 Q. Oh, I'm sorry.

11 A. That is conducting E&P
12 business in Norway.

13 Q. What I'd like you to do if
14 you wouldn't mind, Mr. Bichsel, I'd
15 like you to take me through each of
16 these operating units and describe for
17 me the nature of the services conducted
18 by SDS for each. And I think the first
19 one that you mentioned was SEPCO?

20 A. Correct.

21 Q. Shell Exploration &
22 Production Company, right? If you
23 could take me through the nature of the
24 interaction that you had and if you
25 could also provide for me in your

0126

1 MATTHIAS BICHSEL

2 description specifically who SDS
3 interacted with at each of these
4 operating units, I would be most
5 appreciative. You could take it as
6 slow as you like.

7 A. For SEPCO, the services that
8 we provided was the engineering of
9 deepwater developments in the Gulf of
10 Mexico. At the time I was in Shell
11 Deepwater Services that was the
12 platform called Brutus. We also
13 undertook a number of what is called
14 subsea developments, that means where
15 you don't have a platform above the oil
16 field, but where you pipe the oil or
17 the gas over long distances from an oil
18 field to a platform that existed or
19 that was built at the time.

20 So for Shell Exploration &
21 Production Company in the US, it was
22 fundamentally the engineering work that
23 we were doing.

24 The person who was in charge
25 of the development on the Shell E&P

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1 MATTHIAS BICHSEL

2 Company in the US was Mr. Dave Lawrence
3 that I interacted with. He was the
4 vice president for exploration and
5 development for Shell EP company.

6 Q. At any point in time did SDS
7 provide any technical assistance or any
8 advice with respect to the
9 categorization of proved reserves for
10 SEPCO?

11 A. No. All the subsurface
12 work, as well as the well engineering
13 work for SEPCO was done by SEPCO.

14 Q. Do you know whether at any
15 point in time you or any of your staff,
16 and we'll get to that in just a second,
17 but do you recall whether you or any of
18 your staff were consulted on the
19 categorization of any proved reserves
20 for SEPCO for the two-year period that
21 you served as director of SDS?

22 A. I do not know whether that
23 happened.

24 Q. Let me just backtrack before
25 we go on to the next operating unit for

0128

1 MATTHIAS BICHSEL

2 just a moment. You served as the
3 director of Shell Deepwater Services
4 for approximately two years you said
5 before; is that accurate?

6 A. That's about right.

7 Q. Can you describe briefly
8 some of the people that worked, your
9 subordinates, the people that worked
10 directly underneath you during the
11 operative time between 1999 and your
12 departure from SDS in 2001?

13 MS. ASHTON: I think he's
14 given you a list of his direct reports
15 already.

16 A. I'm happy to do it. The

17 person in charge for the subsurface and
18 field development was Mr. Rich Sears.
19 The person in charge, and these are all
20 direct reports for me, for well
21 engineering was Mr. Buckley, Bruce
22 Buckley. I didn't give you the first
23 name, apologies. The third person on
24 my team was Mr. Mahdi Hasan. He was in
25 charge of engineering, the development

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1 MATTHIAS BICHSEL

2 side. And Mr. Frank Neuman was the
3 chief financial officer in charge of
4 finance and administration of Shell
5 Deepwater Services. This was my team
6 that I worked with.

7 Later on, after about six
8 months in the job I appointed Mr. Ernst
9 den Hartigh as the business improvement
10 manager to help with the organizational
11 details and further design and -- of
12 Shell Deepwater Services.

13 Q. Now, maybe I -- maybe that's
14 why a little -- I was under the
15 assumption that these gentleman, Mr.
16 Hasan, Mr. Sears, Mr. Buckley, Mr.
17 Neuman were part of your management
18 team to begin the implementation and
19 get SDS up and running. I was aware,
20 so I apologize, that these -- that
21 these gentlemen stayed on and served as
22 your management team continuing through
23 your entire tenure at SDS, so I
24 apologize if I made you repeat that.

25 A. No problem.

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1 MATTHIAS BICHSEL

2 Q. A misunderstanding on my
3 part.

4 A. No problem.

5 Q. I'd like you to briefly
6 describe the relationship that you had,
7 the interaction that you had, and when

8 I say you, I'm referring specifically
9 to SDS, with Brazil.

10 A. Yes.

11 Q. Can you explain to me the
12 nature of the interaction between SDS
13 and Brazil.

14 A. SDS was providing services
15 to Shell Brazil. The exact names of
16 the legal companies escape me at the
17 moment. These services were at the
18 time when I was there restricted to
19 exploration. We acquired as a company,
20 as Shell, not as SDS, but as a company
21 as Shell, Shell acquired a number of
22 exploration leases in the first round
23 of the Brazil deepwater offshore
24 licensing that happened in around 1998,
25 1999. That's licenses, these

0131

1 MATTHIAS BICHSEL

2 exploration licenses allowed Shell to
3 go out there to explore for oil and gas
4 in the deepwater of the Brazilian
5 shelf.

6 Q. At any point in time did
7 Shell Deepwater Services consult with
8 or interact with the Brazil, the
9 Brazilian OU, with respect to
10 categorizing of proved reserves?

11 A. When I was in Shell
12 Deepwater Services the services that we
13 provided was around exploration. We
14 did not have any reserves found at that
15 stage. We were exploring. When I was
16 there we had some exploration successes
17 that led to the discovery of scope for
18 recovery volumes, but not to any
19 reserves in the sense of proved
20 reserves or expectation reserves.

21 Q. Now, when you say that, Mr.
22 Bichsel, are you saying that with
23 respect specifically to Brazil or are
24 you saying that with respect to every

25 single operating unit with which SDS

0132

1 MATTHIAS BICHSEL

2 interacted during your tenure at SDS?

3 A. I stayed with Brazil.

4 Q. That was --

5 A. I understood your question

6 to be about Brazil.

7 Q. That's why I asked.

8 MR. ARANOFF: I think that

9 we're out of videotape, so we'll take a

10 break.

11 THE VIDEO OPERATOR: We'll

12 go off the record, it's 12:24, and this

13 is the end of tape number 1.

14 (Lunch recess: 12:24 p.m.)

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1 MATTHIAS BICHSEL

2 AFTERNOON SESSION

3 1:22 p.m.

4 THE VIDEO OPERATOR: We're

5 back on the record 1:22, this is tape

6 2.

7 MATTHIAS BICHSEL,

8 resumed, having been previously duly

9 sworn, was examined and testified

10 further as follows:

11 MS. ASHTON: If we may.

12 Upon reflection, I think Mr. Bichsel

13 would like to clarify the list of

14 countries that he listed for you since

15 I know you would like to go through

16 them, each of them. I think there were
17 some that he, upon reflection, realized
18 he had not included in the list and
19 maybe for the purposes of clarification
20 we'll put them on the record and then
21 you'll have the complete list.

22 CONTINUED EXAMINATION
23 BY MR. ARANOFF:

24 Q. Great. Thank you very much,
25 Mr. Bichsel.

0134

1 MATTHIAS BICHSEL

2 A. Yes, I apologize for that.

3 Q. That's okay.

4 A. In addition to what I've
5 already mentioned there's Trinidad
6 where SDS provided services. Then it's
7 Congo, Gabon, Angola and for Shell
8 Deepwater Oman. Shell Deepwater Oman.
9 That was not Petroleum Development
10 Oman, Shell Deepwater Oman.

11 Q. So let me just so that we're
12 clear, let me go through the ones that
13 you ran down so that I'm sure --
14 obviously if you think of others during
15 the course of your testimony today you
16 can bring me up to date. I know
17 memories can be faulty sometimes. But
18 let me try to go through this as
19 quickly as I can. SEPCO, Brazil,
20 SNEPCO, Morocco, Egypt, Malaysia,
21 Brunei, the Philippines, Norske Shell
22 in Norway, Trinidad, Congo, Gabon,
23 Angola, and Shell Deepwater Oman?

24 A. Yes.

25 Q. I think before we took our

0135

1 MATTHIAS BICHSEL

2 lunch break we were in the process of
3 discussing the interaction of SDS with
4 the operating unit in Brazil. Do you
5 recall that?

6 A. I do.

7 Q. Okay. Can you identify for
8 me specifically the members of the team
9 at SDS that interacted with the
10 Brazilian operating unit?

11 A. That was Mr. Rich Sears, Mr.
12 Chandler Wilhelm, and Mr. Graeme Smith.

13 Q. And did you maintain
14 supervisory authority over those three
15 individuals, Mr. Sears, Mr. Wilhelm and
16 Mr. Smith?

17 A. Mr. Sears was a direct
18 report to me. The others were
19 reporting -- Mr. Smith reported into
20 Mr. Wilhelm, Mr. Wilhelm reported into
21 Mr. Sears. Mr. Sears reported into me.

22 Q. Okay. And just so that we
23 have a sense of the time period, at
24 what point in time did SDS interact or
25 do work for its Brazilian operating

0136

1 MATTHIAS BICHSEL
2 unit?

3 A. From 1999 until I, as far as
4 I know, until I left in 2001. So
5 throughout my whole period that I was
6 there we were interacting with Shell
7 Brazil.

8 Q. I think you testified
9 before, but I don't want to
10 mischaracterize what you said, that the
11 services performed for Brazil were
12 restricted to exploration leases in the
13 first round of licensing. Do you
14 remember having said something along
15 those lines?

16 A. I do.

17 Q. Can you expand upon that a
18 little bit, Mr. Bichsel, please.

19 A. In 1997, 1998, Brazil, the
20 Government of Brazil and the regulator
21 of -- for oil and gas affairs in
22 Brazil, they decided to open up the
23 deepwater shelf, also a shallow water

24 shelf, for international participants
25 because hitherto it was only Petrobras

0137

1 MATTHIAS BICHSEL

2 as the national oil company that was
3 exploring, developing and producing
4 hydrocarbons from Brazil. So they
5 opened up the country.

6 And Shell decided in that
7 period of time to bid for, on an open
8 tender, a bid round as it's called,
9 it's an auction, to apply for several
10 blocks, which Shell won either alone or
11 in partnership with other oil
12 companies. And that was the legal
13 entity in Brazil, whatever it was
14 called, Shell Brazil something or
15 another.

16 And subsequent to that,
17 Shell Deepwater Services was then asked
18 to provide services related to
19 executing the work program that was
20 associated with the obligations that
21 these blocks carried, which is around
22 acquiring seismic data, drilling
23 exploration wells. That's what an
24 exploration license is all about.

25 Q. Did the Brazilian operating

0138

1 MATTHIAS BICHSEL

2 unit to which we're discussing now, did
3 they have their own staff with any kind
4 of specialty in Deepwater Services or
5 were they completely reliant on Shell
6 Deepwater Services to aid them in those
7 tasks?

8 A. They had a few, I would say
9 a handful of people who were of
10 technical origin. None of them,
11 however, were deepwater specialists.
12 So the deepwater special issues were
13 handled by Shell Deepwater Services as
14 a provision to Shell Brazil.

15 Q. Do you know whether during
16 the tenure of time that SDS did work
17 for the Brazilian operating unit which
18 I think you said was the entire time
19 you were at SDS, 1999 to 2001, do you
20 know whether at that point Brazil
21 booked any reserves for that time
22 period?

23 A. Not to my knowledge.

24 Q. Do you know during the time
25 that Shell recategorized its reserves

0139

1 MATTHIAS BICHSEL
2 in 2004, whether any portion of those
3 reserves came from Brazilian proved
4 reserves bookings?

5 A. I do not know.

6 Q. Do you know who at the
7 Brazilian operating unit would know
8 that information for sure?

9 A. I do not know. I left Shell
10 Deepwater Services at the end of 2001,
11 so I do not recall who the managing
12 director of the Shell Brazil operations
13 were in 2004.

14 Q. Okay. Do you know who the
15 head of the Shell Brazil -- the
16 Brazilian operating unit for Shell, do
17 you know who that was from 1999 to 2001
18 while you were there?

19 A. In 1999 it was Mr. Phil
20 Hanson. And Mr. Phil Hanson left
21 sometime during my tenure, but I do not
22 recall the exact year. And he -- his
23 job was taken over by Michiel Kool,
24 K-o-o-l.

25 Q. As you sit here today, do

0140

1 MATTHIAS BICHSEL
2 you know whether SDS in the years after
3 you left continued to perform any
4 services on behalf of the Brazilian
5 operating unit?

6 A. SDS continued to provide

7 these services.

8 Q. Do you know --

9 A. You have to be clear that
10 SDS was then in its form as SDS was of
11 course restructured sometime after I
12 left.

13 Q. When you say restructured,
14 do you have an understanding of how it
15 was restructured?

16 A. In 2003 we restructured the
17 totality of the EP business, and as
18 part of that, Shell Deepwater Services
19 was changed into a new structure, into
20 a structure that was no longer just
21 working on deepwater matters, but also
22 including other -- other properties.

23 Q. Just so that I'm clear and
24 staying on topic, in 2003 it was not
25 only working on deepwater you said; is

0141

1 MATTHIAS BICHSEL

2 that correct?

3 A. Shell Deepwater Services was
4 abolished as an entity, as an
5 organizational entity.

6 Q. Okay. And what became --
7 what became its successor in interest?

8 A. It was completely
9 restructured the way we organized
10 ourselves in terms of providing
11 services to Shell operating units in
12 the way we provide research and make
13 that research available to operating
14 companies. So what was created is an
15 organization which is called EP
16 Technical. EP Technical contains a
17 number of directorates. The one
18 directorate is what is called EP
19 Solutions, and that -- this
20 organization provides the subsurface,
21 so that is exploration, field
22 development, reservoir engineering,

23 petrophysical engineering, etcetera.
24 Then we have an organization that is
25 doing well engineering, so they, for
0142

1 MATTHIAS BICHSEL
2 instance, would continue and do
3 continue to do deepwater drilling.
4 We have an organization
5 which is called EP Projects. EP
6 Projects effectively is the development
7 organizations of the facilities
8 engineers that put the steel in the
9 ground. The difference compared to
10 Shell Deepwater Services is that they
11 continue to do the deepwater work but
12 they also do other work in shallow
13 water as well as onshore.

14 So the model that we created
15 of Shell Deepwater Services in 1999 was
16 effectively expanded to also encompass
17 the shallow water as well as land
18 operations from a service provision,
19 expertise provision point of view.

20 Q. And just to digress for a
21 moment, you testified earlier in your
22 deposition that when you talk about
23 deepwater you're talking about depths
24 greater than 500 meters. Do you
25 remember having said that?

0143

1 MATTHIAS BICHSEL
2 A. Correct. I used the term
3 water depth.

4 Q. I'm sorry, water depths
5 greater than 500 meters. Do you recall
6 having said that?

7 A. I do.

8 Q. In the time 1999 and 2001
9 for starters, did Shell Deepwater
10 Services do any onshore or shallow
11 water projects at all?

12 A. No, we did not.

13 Q. How about after you left in

14 2001 and until SDS was abolished, to
15 use your terms, did Shell Deepwater
16 Services perform any functions or tasks
17 for onshore or shallow water projects?

18 A. I do not know.

19 Q. You testified to what the
20 scope of the work that SDS performed
21 for its Brazilian operating -- for the
22 Brazilian operating unit from 1999 to
23 2001 which was when you were the
24 director of SDS. Do you have an
25 understanding as to what Shell

0144

1 MATTHIAS BICHSEL

2 Deepwater Services did for its
3 Brazilian -- for the Brazilian
4 operating unit for the two years after
5 you left, in other words, from 2001
6 till it was abolished in 2003?

7 A. I'm not familiar with the
8 exact nature of the services that they
9 provided.

10 Q. Do you have an understanding
11 as to whether or not that included
12 assisting in the categorization of
13 proved reserves?

14 A. I do not know.

15 Q. I think you testified before
16 as to who took over as the director of
17 Shell Deepwater Services, but if you
18 could just once again let me know, when
19 you left Shell Deepwater Services who
20 replaced you as the director?

21 A. I did not say that, but it
22 was Mr. Mark Leonard.

23 Q. And did Mr. Leonard serve as
24 your successor as director of Shell
25 Deepwater Services until Shell

0145

1 MATTHIAS BICHSEL

2 Deepwater Services was abolished?

3 A. That's correct.

4 Q. Is Mr. Leonard still

5 employed by the Shell company?

6 A. Yes, he is.

7 Q. And what is his current job
8 title?

9 A. He is new business -- he's
10 the new business development manager
11 for our Russian region. He's based in
12 Moscow.

13 Q. I think the next operating
14 unit that you referenced in your list
15 of the ones that SDS interacted with or
16 performed services for was SNEPCO,
17 Shell Nigerian Exploration & Production
18 Company, do you recall having said
19 that?

20 A. I did.

21 Q. Can you please describe the
22 nature of your interaction with SNEPCO
23 while you were director of SDS? When I
24 say your, I want to make sure the
25 record is clear and you're clear. I

0146

1 MATTHIAS BICHSEL

2 mean SDS, I don't mean you in
3 particular, I mean what role SDS played
4 interacting with SNEPCO and that would
5 be the same for each of the operating
6 units that we discuss. Is that okay?

7 A. I understand.

8 Q. Okay.

9 A. SNEPCO at the time was
10 charged with exploring and subsequently
11 developing and subsequently producing
12 hydrocarbons from the deepwater
13 offshore of the Niger Delta. At the
14 time in 1999 there was a major
15 discovery made in the deep waters off
16 the coast of the Nigeria, in the Niger
17 Delta. That discovery was called, or
18 is called Bonga. In addition to
19 continued to explore, SNEPCO also
20 undertook then the field development
21 and subsequently the development of the

22 Bonga field, and for all those
23 activities, Shell Deepwater Services
24 provided services.

25 So we worked on exploration,
0147

1 MATTHIAS BICHSEL
2 that is identification of prospects to
3 drill that we hoped potentially could
4 contain oil and/or gas.

5 We were as SDS active to
6 provide services to do the field
7 development planning for the Bonga
8 discovery. That included both the
9 reservoir engineering geological work,
10 as well as the drilling work, as well
11 as the surface work, so the platform
12 which I explained before.

13 In addition, we also, as
14 SDS, helped SNEPCO to govern the
15 business where SNEPCO was partner in
16 deepwater exploration ventures in the
17 Niger Delta deepwater.

18 When I talk about the delta,
19 I'm talking about the geological sense,
20 a delta extends from the coast hundreds
21 of kilometers into the offshore and
22 anything from 500 meter water depth
23 onward, that is where Shell Deepwater
24 Services was involved with.

25 Q. Did SDS from 1999 to 2000 --
0148

1 MATTHIAS BICHSEL
2 well, withdrawn.

3 From what time period to
4 what time period did SDS perform
5 services on behalf of SNEPCO?

6 A. From its formation into 1999
7 and I can only comment until I left at
8 the end of 2001 when SDS still provided
9 these services.

10 Q. Do you have an understanding
11 as you sit here today as to whether or
12 not the relationship between SNEPCO and

13 SDS continued after you left?

14 A. I understand that continued,
15 yes.

16 Q. Do you have -- was there a
17 specific team within SDS that
18 interacted -- that was charged with
19 interacting with SNEPCO?

20 A. We had several teams. We
21 had an exploration team that was
22 conducting the exploration part of the
23 business. We had a field development
24 team for the Bonga discovery, and we
25 had an engineering team that was

0149

1 MATTHIAS BICHSEL

2 working also on the Bonga field
3 development but from an engineering
4 point of view.

5 Q. Do you have a recollection
6 as you sit here today of the names of
7 the individuals that comprised the
8 field development team in Bonga?

9 A. The field development team
10 that was led by Mr. Chris Varley, and
11 on the engineering side the -- I do not
12 recall.

13 Q. How about the exploration
14 side?

15 A. Mr. Emanuel Enu, E-n-u.

16 Q. Within SNEPCO was there
17 anybody or was there a group of people
18 that were charged with interacting with
19 SDS and assisting them, and assisting
20 SDS in their tasks?

21 A. Yes.

22 Q. And who were those people
23 specifically?

24 A. So the managing director, so
25 the person responsible in SNEPCO was a

0150

1 MATTHIAS BICHSEL

2 gentleman called Mr. Kisito Okpere,
3 O-k-p-e-r-e. There was a Bonga project

4 manager whose name I forgot. These
5 were the two key players on the SNEPCO
6 side.

7 Q. Do you know whether a
8 gentleman -- have you ever heard of a
9 gentleman named Sean McFadden?

10 A. I've heard of Sean McFadden,
11 yes.

12 Q. Do you know whether any one
13 of your team members, Mr. Varley, Mr.
14 Enu, whether they or any of their
15 subordinates interacted with Mr.
16 McFadden?

17 MS. ASHTON: Is Mr. Enu one
18 of your team members? I think you may
19 have mischaracterized that. Mr. Enu.

20 Q. I thought he was on the
21 exploration team.

22 A. That's right. Mr. Emanuel
23 -- I do not know whether Mr. McFadden
24 communicated with Mr. Enu. I don't
25 know and I can't recall what the role

0151

1 MATTHIAS BICHSEL
2 of Mr. McFadden was in SNEPCO.

3 Q. Did you personally have any
4 interaction with Mr. McFadden at
5 SNEPCO?

6 A. I do not know. I did not I
7 should say.

8 Q. During the time period that
9 you were the director of SDS do you know
10 whether SDS played any role in assisting
11 SNEPCO in the categorization of proved
12 reserves?

13 A. SDS provided services that
14 included the determination of the
15 ranges of volumetric -- of the volumes
16 of hydrocarbons, both in place as well
17 as recoverable volumes, as well as the
18 range of the probability curves on the
19 expectation volumes.

20 Q. I'm not sure whether that

21 was responsive to what I -- what I
22 asked, so let me try to rephrase it.

23 What I'd like to know is
24 other than -- well, from a more
25 layman's perspective, what role, if
0152

1 MATTHIAS BICHSEL
2 any, did SDS play in assisting SDS in
3 -- in assisting SNEPCO in its
4 categorization of proved reserves?

5 MS. ASHTON: I'm going to
6 object, but you can answer if you can.

7 A. Well, I'll try it. Shell
8 Deepwater Services had technical
9 professionals that worked on the
10 estimation of volumes of hydrocarbons,
11 of the scope volumes, of expectation
12 reserves, the full range of the
13 probabilities around these expectation
14 reserves from P1 to P100. They also
15 effectively mapped out the structures.
16 So I don't know what else I can say.

17 Q. Do you know whether -- do
18 you have an understanding as to whether
19 or not SNEPCO ever booked any reserves
20 during your tenure at SDS?

21 A. My recollection is that
22 SNEPCO booked reserves, proved
23 reserves. Then the Bonga development
24 took final investment decision which
25 was either at the end of '99 or the
0153

1 MATTHIAS BICHSEL
2 beginning of 2000.

3 Q. Do you know whether any
4 reserves that were booked by SNEPCO
5 were ever recategorized as part of the
6 Shell recategorization in 2004?

7 A. I do not know.

8 Q. Are you aware of --
9 withdrawn.

10 Do you know whether SDS
11 participated or was present for an

12 audit conducted by Anton Barendregt of
13 SNEPCO in or around 1999?

14 A. I'm not aware of that, no.

15 Q. Do you know whether any of
16 your staff participated or were present
17 during an audit of SNEPCO in 1999?

18 A. No.

19 Q. No, you don't know or --

20 A. I do not know.

21 Q. Do you know when -- are you
22 familiar with the term ARPR?

23 A. Yes.

24 Q. Do you know what that means?

25 A. I always get that wrong.

0154

1 MATTHIAS BICHSEL

2 Annual -- no, I don't. We just using
3 the acronym. I know what it is.

4 Q. What is your understanding --

5 A. This is the record of the
6 hydrocarbon volumes as determined and
7 recorded at the end of the year and these
8 are the volumes which pertain to scope
9 for recovery, expectation reserves,
10 proved undeveloped, and proved developed
11 reserves. That's a record on an asset
12 basis.

13 Q. During your tenure as
14 director of SDS, do you recall whether
15 you or any of your staff had reviewed
16 any ARPR emanating out of SNEPCO?

17 A. I do not recall that, no.

18 Q. If someone under your charge
19 were going to have reviewed an audit
20 report or an ARPR emanating out of
21 SNEPCO, who would be most likely to
22 have reviewed that from SDS?

23 MS. ASHTON: Objection. If
24 you can answer that, it calls for
25 complete speculation.

0155

1 MATTHIAS BICHSEL

2 A. SDS provided the service

3 that did not include the review of
4 ARPRs. The ARPR data, the submission
5 of ARPR data, the reporting of ARPR
6 data is done via the operating units.
7 SDS provided the service by effectively
8 indicating to the operating unit what
9 the scope, volume ranges, what the
10 expectation volume ranges, etcetera,
11 are, so that then the operating unit
12 then can take a decision as to what
13 needs to be reported when and how.

14 MS. ASHTON: When you say
15 they provide it to an operating unit,
16 you're not suggesting that they provide
17 it to every operating unit, just to
18 those that --

19 THE WITNESS: To deepwater
20 ones.

21 MS. ASHTON: Did they
22 provide that for every OU or just those
23 that you had those particular CTRs
24 with?

25 THE WITNESS: Thanks.

0156

1 MATTHIAS BICHSEL

2 MS. ASHTON: You see what
3 I'm trying to do. I want the record to
4 be clear.

5 A. To be absolutely clear, and
6 that comes back to what I explained
7 earlier, sorry if I didn't make that
8 very clear, Shell Deepwater Services
9 only provided services on demand by
10 operating units. And that demand was
11 governed by the CTRs, the cost time
12 resources. This is like an agreement
13 that spells out the scope of these
14 services in terms of is it subsurface
15 or engineering or whatever. It spells
16 out what the people that are working on
17 that thing are, it spells out how long
18 these services are provided for. So
19 SDS only responded on demand to any of

20 the services.

21 So if an operating unit
22 would indeed request these services,
23 then we would have provided them.

24 Q. But with that clarification,
25 is your understanding of the

0157

1 MATTHIAS BICHSEL
2 relationship between SDS and SNEPCO any
3 different than you've just described it
4 to me?

5 A. If SNEPCO asked SDS to
6 provide input and services with respect
7 to the volumetric determination of
8 hydrocarbon volumes then SDS would have
9 provided these services.

10 Q. Okay. So my question then
11 to you, just to make sure that the
12 record is clear, is did they request
13 that you perform those services?

14 A. I do not know that.

15 Q. So I guess my next question
16 is who would be in the best position at
17 SDS to know whether those services were
18 indeed requested?

19 A. Mr. Chris Varley.

20 Q. I think that the next
21 operating unit that you identified
22 having done -- SDS having done work for
23 was a Shell operating unit in Morocco.
24 Do you recall having mentioned that?

25 A. I do recall.

0158

1 MATTHIAS BICHSEL
2 Q. Can you please describe the
3 relationship that SDS had with the
4 Shell unit in Morocco.

5 A. Shell entered into an
6 agreement with the government of
7 Morocco sometime in, I don't recall the
8 date, it is either 1998 or 1999, for
9 the purpose of exploring for
10 hydrocarbons in the deepwater domain

11 offshore Morocco. So these were five
12 exploration blocks and Shell Deepwater
13 Services was asked to provide the
14 exploration evaluation in order to
15 determine where to drill exploration
16 wells.

17 Q. And was there a team, a
18 specific team in SDS that was assigned
19 to the operating -- to deal with the
20 operating unit in Morocco?

21 A. There was.

22 Q. Okay. And who was on that
23 team?

24 A. I cannot recall the names.

25 Q. And when you say that this

0159

1 MATTHIAS BICHSEL

2 was conducted in 1998, 1999, this would
3 coincide with the beginning of Shell
4 Deepwater Services; is that correct?

5 A. That is correct.

6 Q. Did the relationship or the
7 interaction between Shell -- between
8 SDS and Shell Morocco, that operating
9 unit, did that continue throughout your
10 tenure at SDS?

11 A. Yes, it did.

12 Q. Do you know whether that
13 continued beyond your leaving SDS?

14 A. I do not know that.

15 Q. Do you know whether there
16 was anybody in Shell Morocco who had an
17 expertise in Deepwater Services?

18 A. There was nobody, no.

19 Q. Do you have an understanding
20 of who SDS interacted with in performing
21 its functions and services for Shell
22 Morocco?

23 A. There was, Shell Morocco was
24 managed by a Mr. Ueli Seemann,
25 S-e-e-m-a-n-n.

0160

1 MATTHIAS BICHSEL

2 Q. And that would be the main
3 person that -- I'm sorry, I didn't know
4 that you were still speaking, sorry.

5 No, you were in the middle of saying
6 that Mr. -- something about Mr.
7 Seemann, so I didn't want to --

8 A. He was the managing director
9 of the Shell Morocco venture.

10 Q. Okay. Who in particular at
11 SDS interacted with Mr. Seemann?

12 A. That was Mr. Richard Sears.

13 Q. As part of SDS's
14 responsibilities in interacting and
15 assisting Shell Morocco, did SDS assist
16 in the categorization of proved
17 reserves for Shell Morocco?

18 A. Shell Morocco did not have
19 any reserves.

20 Q. So then is it also fair to
21 say that to the best of your knowledge
22 Shell Morocco did not book any reserves
23 at all?

24 A. That is correct to say.

25 Q. I forgot to ask you with

0161

1 MATTHIAS BICHSEL

2 respect to some of the other entities
3 so I'm going to try to make this as
4 quick as possible just to go back.
5 With respect to Shell Brazil, do you
6 recall whether anybody from Shell
7 Brazil ever came to the United States
8 to SDS's offices to meet with SDS
9 personnel?

10 A. Yes, I do.

11 Q. And when was that?

12 A. I do not recall.

13 Q. Do you have a recollection
14 of who specifically from Shell Brazil
15 came to the United States to meet with
16 SDS personnel?

17 A. I do remember that Mr. Phil
18 Hanson came to visit SDS in Houston.

19 Q. Do you have an understanding
20 of why Mr. Hanson traveled to the
21 United States to meet with SDS
22 personnel?

23 A. I have no recollection of
24 what the meeting was about.

25 Q. Do you know how frequently

0162

1 MATTHIAS BICHSEL

2 Mr. Hanson would come in to meet with
3 SDS personnel?

4 A. He would come several times
5 a year.

6 Q. You may have just answered
7 this, but maybe not. Did anybody else
8 accompany Mr. Hanson on his trips to
9 the United States?

10 A. I do not recall.

11 Q. Did anybody from SDS travel
12 to Brazil to meet with people from
13 Shell Brazil in conjunction with the
14 work SDS performed for Shell Brazil?

15 A. Yes, they did.

16 Q. And who specifically went to
17 Shell Brazil?

18 A. I can recall Mr. Graeme
19 Smith who I mentioned before.

20 Q. Mr. Bichsel, did you
21 personally ever make any trips to Shell
22 Brazil?

23 A. I made trips to Brazil, yes,
24 and visited the Shell offices.

25 Q. What was the purposes of

0163

1 MATTHIAS BICHSEL

2 your trips?

3 A. The purpose of my trip was
4 to give a keynote address at the World
5 Petroleum Conference, and I forgot the
6 year. I think it was 2000. And as
7 part of that trip I also took the
8 opportunity to visit Shell Brazil
9 offices as well as officials in

10 Petrobras.

11 Q. The keynote address that you
12 gave in Brazil, do you recall where
13 that was? I know in Brazil, but I'm --

14 A. In Rio.

15 Q. Do you recall what the topic
16 that you spoke about was?

17 A. Deepwater.

18 Q. Did any part of your address
19 discuss categorizing proved reserves or
20 the issue of proved reserves?

21 A. No.

22 Q. Other than Mr. Smith and
23 yourself, can you recall anybody else
24 from SDS that traveled to Brazil in
25 conjunction with work performed by SDS

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1 MATTHIAS BICHSEL

2 for Shell Brazil?

3 A. I do not recall that.

4 Q. How about for SNEPCO, can
5 you recall whether anybody from SNEPCO
6 ever traveled to the United States to
7 meet with SDS personnel to discuss work
8 performed by SDS for SNEPCO?

9 A. Yes, I can.

10 Q. Who specifically traveled
11 from SNEPCO to SDS?

12 A. I do recall that Mr. Kisito
13 Okpere came to visit us in Houston.

14 Q. Can you recall anybody else?

15 A. I cannot remember the names.

16 Q. Do you know the reason why
17 Mr. Okpere came to the United States to
18 meet with SDS officials?

19 A. SDS was providing a service
20 to SNEPCO in a number of areas as I
21 outlined in terms of exploration and
22 field development, as well as to give
23 advice how to govern the partner that
24 SNEPCO was in a venture with, which was
25 -- which is Exxon Mobil. And so we --

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1 MATTHIAS BICHSEL

2 he discussed with SDS the content, the
3 scope of the CTRs, who was working on
4 what, etcetera.

5 Q. Other than Mr. Okpere, can
6 you recall anybody else that traveled
7 from SNEPCO to either Houston or New
8 Orleans to meet with officials from
9 SDS?

10 A. There were others. I cannot
11 recall the name.

12 Q. Do you recall whether
13 specifically Mr. McFadden traveled to
14 the US to meet with some of your staff?

15 A. I do not know and I do not
16 recall, no.

17 Q. Do you know whether any of
18 your staff traveled to Nigeria to meet
19 with SNEPCO officials in Nigeria?

20 A. Yes, I do.

21 Q. Specifically who do you
22 recall having met with SNEPCO
23 officials?

24 A. I traveled to Nigeria and I
25 met with Mr. Kisito Okpere and others

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1 MATTHIAS BICHSEL

2 whose name I do not recall.

3 Q. And what was the nature of
4 the reason for your travel to Nigeria
5 to meet with Mr. Okpere?

6 A. To discuss and appraise in
7 this particular case the services that
8 Shell Deepwater Services provided to
9 SNEPCO. We did that on an annual basis
10 to see whether we are effectively
11 providing them with what they want,
12 what they need, whether we can improve
13 the quality, speed of response. That
14 was the nature of the meeting.

15 Q. Do you know whether when Mr.
16 Okpere came to the United States to
17 meet with people from SDS, do you know

18 whether -- do you know what the content
19 of his discussions with those people
20 were?

21 A. I do not recall the content
22 of the discussion he had with other
23 people. I only recall the nature of
24 the discussion that he had with me,
25 which was the scope and -- of the CTRs

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1 MATTHIAS BICHSEL
2 of -- over the various activities that
3 they had in Nigeria.

4 Q. And just --

5 A. In SNEPCO.

6 Q. And just so that we're
7 clear, you don't recall ever having had
8 a conversation with Mr. Okpere with
9 respect to proved reserves or
10 categorization of proved reserves, do
11 you?

12 A. I did not have a discussion
13 with Mr. Okpere on proved reserves.

14 Q. Okay. I think now you were
15 in the midst of discussing the
16 interaction between SDS and Shell
17 Morocco. I think that's where we left
18 off. And I wanted to ask you whether
19 or not you can recall whether anybody
20 from Shell Morocco, perhaps Mr. Seemann
21 who you identified before, whether he
22 made any trips to the United States to
23 meet with any SDS personnel.

24 A. Mr. Seemann. First of all,
25 his name is Seemann. Second of all, he

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1 MATTHIAS BICHSEL
2 was not based in Morocco. He was the
3 managing director of a company called
4 Shell Morocco B.V., based out of the
5 Netherlands. And yes, Mr. Seemann did
6 travel to Houston to visit the offices
7 of Shell Deepwater Services.

8 Q. Do you know with whom Mr.

9 Seemann met in SDS in Houston?

10 A. I know that he met with me
11 and with Mr. Sears.

12 Q. Do you have a recollection
13 of when this was?

14 A. That was several times
15 during my tenure in Houston.

16 Q. Do you have a recollection
17 as to the nature of your conversations
18 with Mr. Sears and Mr. Seemann?

19 A. That was both on the scope,
20 the content, the dimensions of the CTR,
21 the agreement to provide services, as
22 well as Mr. Seemann wanted to see the
23 progress of the evaluation vis-a-vis
24 the ability to start drilling deepwater
25 wells in these Morocco blocks for these

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1 MATTHIAS BICHSEL

2 licenses that we have. They always
3 have a work program and the time limit
4 attached to it, so obviously as
5 managing director of Shell Morocco he
6 was very keen to ensure that the
7 services that provided would allow him
8 to discharge his responsibilities.

9 Q. And I think you testified
10 before that Shell Morocco had no proved
11 reserves; is that accurate?

12 A. Shell Morocco deepwater, to
13 be precise, had no reserves. So to be
14 absolutely clear, the exploration
15 campaign was not successful and did not
16 result in the discovery of hydrocarbons
17 in commercial quantities.

18 Q. Is it also fair to say that
19 your conversations and meetings with
20 Mr. Seemann and Mr. Sears did not
21 include discussions about proven
22 reserves and the categorization of
23 proved reserves?

24 A. That is correct.

25 Q. I think the next operating

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1 MATTHIAS BICHSEL

2 unit that you identified was Shell
3 Egypt. Do you recall having identified
4 Shell Egypt as one of the operating
5 units with which SDS interacted?

6 A. Yes.

7 Q. Can you please describe the
8 nature of your interaction with Shell
9 Egypt?

10 A. Shell Egypt took a very
11 large exploration license offshore of
12 the Nile Delta in deepwater, water
13 depth ranging from around a thousand
14 meter to two and a half thousand meter.
15 And Shell Egypt having no expertise at
16 -- in Egypt themselves asked Shell
17 Deepwater Services to provide services
18 pertaining to the evaluation of the
19 exploration potential, including the
20 provision of drilling services for the
21 exploration wells that were drilled
22 whilst I was there.

23 Q. And when did the
24 relationship between Shell Egypt and
25 SDS commence?

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1 MATTHIAS BICHSEL

2 A. That commenced in 1999.

3 Q. And do you know how long the
4 relationship between Shell Egypt and
5 SDS lasted?

6 A. That relationship lasted
7 certainly until I left and I also know
8 it lasted beyond that.

9 Q. Do you know whether anybody
10 at Shell Egypt had any expertise in the
11 area of deepwater -- of deepwater?

12 A. Yes, there was. There was
13 Mr. Bloomfield. He is an American who
14 is the exploration manager and his
15 expertise pertains to his experience
16 that he gained in the Gulf of Mexico.

17 Q. Did SDS during your tenure
18 there have a team of individuals
19 responsible for interacting with Shell
20 Egypt?

21 A. SDS did have a team based in
22 Houston that would provide the services
23 to Shell Egypt for the deepwater
24 acreage there, yes.

25 Q. And who specifically was on
0172

1 MATTHIAS BICHSEL
2 that team for SDS?

3 A. I cannot recall the names.

4 Q. Do you know whether Mr.
5 Bloomfield or anyone else for Shell
6 Egypt ever traveled to the United
7 States to meet with people from SDS to
8 discuss the work performed by SDS for
9 Shell Egypt?

10 A. Yes.

11 Q. Specifically who?

12 A. Mr. Bloomfield visited,
13 amongst others, myself.

14 Q. Do you know who else he met
15 with other than you?

16 A. Rich Sears.

17 Q. What were the nature of --

18 A. And Mr. Wilhelm Chandler.

19 Q. Okay. Do you have an
20 understanding as to the nature of the
21 conversation that you had with Mr.
22 Bloomfield during his visits?

23 A. The discussions were around
24 the scope of the provision of services
25 that we provided with respect to
0173

1 MATTHIAS BICHSEL
2 exploration in the initial phases, and
3 these discussions then extended to
4 which the -- when we started the --
5 when Shell Egypt started the
6 preparation of the first wells, then --
7 and how exactly the interaction between

8 Shell Deepwater Services, well
9 engineering, the well engineering
10 department would work, the interaction
11 with the well engineering people and
12 logistics people that were on the
13 ground as part of Shell Egypt.

14 Q. Did you or any of your staff
15 ever travel to Shell Egypt to discuss
16 the interaction between SDS and Shell
17 Egypt there?

18 A. I personally traveled to
19 Egypt. I visited the offices in Egypt.

20 Q. Did you ever have any
21 discussions with Mr. Bloomfield or
22 anybody else with respect to proved
23 reserves or categorizing proved
24 reserves?

25 A. No.

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1 MATTHIAS BICHSEL

2 Q. Did SDS play any role in the
3 categorization of proved reserves on
4 Shell Egypt's behalf?

5 A. I do not recall. What I do
6 recall is that during my tenure that
7 was an exploration venture. We drilled
8 two exploration wells whilst I was in
9 SDS, and they -- one of them was a dry
10 hole so did not result in finding any
11 hydrocarbons, and the other one
12 resulted in finding some gas which was
13 subsequently, however, found to be
14 noncommercial.

15 Q. So then is it fair to say
16 that to the best of your knowledge
17 Shell Egypt has not booked any
18 reserves?

19 A. And again to be absolutely
20 -- absolutely clear, this is Shell
21 Deepwater Egypt. So the venture that
22 pertains to the deepwater thing.

23 Q. Right.

24 A. To my knowledge, there have

25 been no proved reserves booked in

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1 MATTHIAS BICHSEL

2 deepwater in Egypt.

3 Q. You've made that

4 clarification on a number of occasions

5 about specifically referencing

6 deepwater. Is that because you have no

7 understanding about whether or not

8 these operating units have booked for

9 shallow water or other types of

10 bookings, or is it because you're

11 limiting your knowledge to just

12 deepwater?

13 A. I'm aware that we have

14 operations in Egypt onshore, and that

15 we have production there which means we

16 have -- we have proved reserves, but

17 I'm not aware of -- of the situation

18 around the proved reserves for Egypt.

19 Q. How about for any of the

20 other entities we've discussed so far,

21 you've made the same line of

22 demarcation in terms of that you're

23 specifically talking about booking of

24 reserves for deepwater. Do you have an

25 understanding, for example, in Shell

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1 MATTHIAS BICHSEL

2 Morocco or SNEPCO as to whether or not

3 reserves were booked outside of the

4 deepwater framework?

5 A. Both Shell Morocco was only

6 operating in the deepwater, and they

7 didn't result in finding any commercial

8 hydrocarbons. SNEPCO is only operating

9 successfully in the deepwater end, so

10 not in the shallow -- in the shallow

11 end.

12 Q. Would that be the same

13 answer for Brazil?

14 A. That's correct.

15 Q. I think the next operating

16 unit -- one moment, please. Is there a
17 separate entity in Egypt for shallow or
18 onshore projects?

19 A. Yes, it's called BAPETCO.
20 This is a joint venture with the
21 national -- the Government of Egypt.
22 It's a joint venture. I do not know
23 the shares.

24 Q. I think --

25 A. BAPETCO, B-A-P-E-T-C-O.

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1 MATTHIAS BICHSEL

2 Q. BAPETCO. Do you know
3 whether BAPETCO has booked any reserves
4 between 1998 and 2004?

5 A. No, I don't know that.

6 Q. Do you have an understanding
7 as to who from the Shell company is
8 responsible for the operations of
9 BAPETCO?

10 A. No, I don't know.

11 Q. I think the next operating
12 unit that you mentioned was Shell
13 Malaysia. Do you recall having
14 mentioned that SDS did work for Shell
15 Malaysia?

16 A. Yes.

17 Q. Can you describe the nature
18 of the work performed by SDS for Shell
19 Malaysia?

20 A. Malaysia had a number of
21 deepwater blocks in northwest Borneo.
22 They were asking Shell Deepwater
23 Services to help in evaluating the
24 exploration potential for inventorying,
25 if you want, the hydrocarbon content of

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1 MATTHIAS BICHSEL

2 these blocks that they had. In
3 particular, using specialist services
4 in -- on the seismic side in detecting
5 hydrocarbons from seismic data without
6 having to drill wells.

7 Q. At what point did Shell
8 begin a relationship, Shell Deepwater
9 Services begin a relationship with
10 Shell Malaysia?

11 A. My recollection is that the
12 relationship started in the second half
13 of 1999.

14 Q. And do you know whether that
15 continued throughout your tenure at
16 SDS?

17 A. Yes, I do know.

18 Q. And did it?

19 A. And it did.

20 Q. Do you know whether the
21 relationship between SDS and Shell
22 Malaysia continued after you left SDS?

23 A. I do not know.

24 Q. Did SDS have a specific team
25 responsible for interacting with Shell

0179

1 MATTHIAS BICHSEL

2 Malaysia?

3 A. No. SDS had a number of
4 specialist teams. They provided
5 services on -- as I explained, on the
6 nature of evaluating seismic data, and
7 that's the services that in this
8 particular case was provided. So this
9 team provided -- this wasn't a
10 dedicated team for Shell Malaysia, but
11 that was a team of specialists that
12 provided such services where they were
13 required and asked for.

14 Q. Do you know whether Shell
15 Malaysia had any personnel in-house
16 that had any expertise in Deepwater
17 Services?

18 A. Shell Malaysia at the time
19 had a number of people that were
20 working before in the Gulf of Mexico
21 and they had deepwater experience.

22 Q. Do you know whether any
23 personnel from Shell Malaysia ever

24 traveled to either New Orleans or to
25 Houston for meetings with personnel
0180

1 MATTHIAS BICHSEL

2 from SDS?

3 A. Yes, I do know.

4 Q. And who specifically from
5 Shell Malaysia traveled to the US?

6 A. The name I recall was Martin
7 Stauble.

8 Q. And who in particular did
9 Mr. Stauble meet with?

10 A. He met with Mr. Chandler
11 Wilhelm, with Mr. Rich Sears, and with
12 myself.

13 Q. Do you have a recollection
14 of when those meetings took place?

15 A. No.

16 Q. Do you have a recollection
17 of what was discussed at those
18 meetings?

19 A. We discussed at these
20 meetings the -- the techniques that
21 Shell Deepwater Services deployed to
22 determine from the seismic -- the
23 signature of the seismic data to try to
24 figure out whether hydrocarbons are oil
25 or gas, so the -- the whole issue there

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1 MATTHIAS BICHSEL

2 was since already a lot of gas has been
3 found in Malaysia, Shell Malaysia asked
4 in particular asked Shell Deepwater
5 Services in particular to help them in
6 differentiating between oil and gas.

7 Q. When you say differentiating
8 between oil and gas, what do you mean?

9 A. When you have seismic data
10 you can under certain circumstances you
11 can actually see on the seismic data
12 whether there are hydrocarbons,
13 unspecified hydrocarbons in the system.
14 On the particular circumstances and

15 using appropriate technology you can --
16 you can make a call without having to
17 drill whether these hydrocarbons that
18 you can detect on seismic are more
19 likely to be oil or gas.

20 Q. Did you or any of your staff
21 ever travel to Malaysia to meet with
22 Mr. Stauble or any of his colleagues
23 with respect to your relationship
24 between SDS and Shell Malaysia?

25 A. I traveled to Malaysia.

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1 MATTHIAS BICHSEL

2 Q. And did you have
3 conversations with Mr. Stauble?

4 A. I did have, yes.

5 Q. Did any of those
6 conversations involve the categorization
7 of proved reserves?

8 A. No, they did not.

9 Q. Do you know whether Shell
10 Malaysia booked any proved reserves
11 between 1999 and 2004?

12 A. I do not know.

13 Q. And again when you say that
14 you're saying with regard -- you're
15 only speaking with respect to deepwater
16 activity; is that correct?

17 A. I do not know for deepwater
18 nor for nondeep water.

19 Q. Do you know whether Shell
20 Malaysia had a shallow water or onshore
21 equivalent of Shell Malaysia's
22 deepwater project?

23 A. Shell Malaysia has an
24 extensive operation in the shallow
25 water.

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1 MATTHIAS BICHSEL

2 Q. And I guess just to be
3 clear, do you know whether there were
4 any proved reserves booked for Shell
5 Malaysia onshore or for shallow water?

6 A. I do not know when and
7 whether any reserves were booked.

8 Q. What was the name of Shell
9 Malaysia's shallow water or onshore
10 units?

11 A. I do not recall. Meaning
12 the units or the people?

13 Q. The units, you know, like
14 you said for Egypt, I think you said it
15 was BAPETCO?

16 A. Okay.

17 Q. Do you have an understanding
18 of what the counterpart would be for
19 Shell Malaysia?

20 A. There's a unit called
21 Sarawak Shell, and there's another unit
22 called Savah Shell.

23 Q. Could you spell those for
24 the court reporter, please?

25 A. S-a-r-a-w-a-k. And the

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1 MATTHIAS BICHSEL

2 second one is S-a-v-a-h.

3 MR. ARANOFF: You want to
4 take five minutes.

5 THE VIDEO OPERATOR: We'll
6 go off the record, 2:14, tape 2.

7 (A recess was taken.)

8 THE VIDEO OPERATOR: Back on
9 the record 2:28, tape 2.

10 Q. Okay, Mr. Bichsel, I want to
11 just go back before we move to the next
12 operating unit on a couple of things we
13 were talking about with regard to Shell
14 Brazil. First, I was curious as to
15 whether or not there is a shallow water
16 or onshore entity in Brazil on behalf
17 of Shell similar to the entity you were
18 describing for deepwater before. Do
19 you know whether Shell has a shallow
20 water onshore entity in Brazil?

21 A. Shell has an interest in a
22 field called Merluza which I believe is

23 in shallower water, yes.

24 Q. Do you know what that entity
25 is called?

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1 MATTHIAS BICHSEL

2 A. Merluza, M-e-r-l-u-z-a. I
3 do not know the name of the joint
4 venture. That's the field name.

5 Q. Do you know whether there
6 was any pressure from inside Shell to
7 book reserves in Brazil? Do you have
8 any understanding of that?

9 A. No.

10 Q. Do you know whether there
11 was any sense of urgency -- well,
12 withdrawn. Are you familiar with the
13 term the center? Do you know what I
14 mean when I say the center?

15 A. You need to explain a little
16 bit better what you mean by the center.

17 Q. Okay. My question is have
18 you ever heard the term the center with
19 respect to the Shell organization,
20 specifically with respect to calling
21 The Hague the center? Have you heard
22 that terminology?

23 A. I have heard that, I have
24 heard that terminology.

25 Q. Do you know as you sit here

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1 MATTHIAS BICHSEL

2 today whether there was any pressure
3 with respect to Shell Brazil to book
4 reserves, pressure emanating out of the
5 center?

6 MS. ASHTON: Objection. If
7 you know you can answer.

8 A. I do not know whether there
9 was any pressure.

10 Q. Do you know whether --
11 withdrawn.

12 Did you or anyone at SDS, to
13 the best of your knowledge, have any

14 communications with Philip Watts about
15 booking reserves in Brazil?

16 A. To my knowledge, there was
17 no communication with Mr. Watts.

18 Q. Do you know -- I'm sorry.

19 A. Between Shell Deepwater
20 Services directly with Mr. Watts.

21 Q. How about indirectly, do you
22 know if there was any indirect contact
23 with Mr. Watts?

24 A. I do not know.

25 Q. You know who Mr. Watts is?

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1 MATTHIAS BICHSEL

2 A. I presume you're talking
3 about Mr. Philip Watts, Sir Philip
4 Watts.

5 Q. That's correct.

6 A. Yes, I do.

7 Q. Have you ever met Mr. Philip
8 Watts?

9 A. Yes, I have.

10 Q. Under what circumstances
11 have you met Mr. Watts?

12 A. I, as an example, presented
13 projects to him.

14 Q. What kind of projects did
15 you present to Mr. Watts?

16 A. In my previous jobs I would
17 present what we were doing in
18 exploration in Oman, for instance. In
19 a much earlier job, when Mr. Watts was
20 head of economics, I would be talking
21 to him about the projects that we had
22 in Indonesia.

23 Q. Did you ever communicate
24 with Mr. Watts with respect to Shell
25 Brazil, either the onshore, shallow

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1 MATTHIAS BICHSEL

2 water, or Deepwater Services in Brazil?

3 A. I did not talk to Mr. Watts

4 about Brazil.

5 Q. During your tenure as the
6 director of SDS, do you have an
7 understanding of what Mr. Philip
8 Watts's position was at the Shell
9 company?

10 A. I do not recall the dates
11 exactly, but Mr. Watts was the head of
12 exploration and production and then he
13 became the chairman of the CMD.

14 Q. I just want to make sure
15 that we're clear. Do you have an
16 understanding of whether Shell Brazil,
17 and when I say Shell Brazil I'm talking
18 about both deepwater, shallow water,
19 onshore, any of those entities, did
20 they ever request that SDS provide
21 input with regard to volumetric
22 determination of hydrocarbons?

23 A. My recollection --
24 recollection is that they did not.

25 Q. I want to move ahead and

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1 MATTHIAS BICHSEL

2 discuss the interaction, if any, that
3 SDS had with Shell Brunei. I think you
4 identified Shell Brunei as one of the
5 operating units that SDS interacted
6 with. Could you describe the basis of
7 the interaction with Shell Brunei?

8 A. I would like to clarify the
9 interaction that I will describe is a
10 company called Shell Deepwater Brunei.
11 In the late nineties, I do not know
12 whether it was in '98 or '99, Shell, as
13 a whole, I use that term loosely,
14 entered into an agreement with the
15 Government of Brunei to explore for
16 deepwater hydrocarbons off the coast of
17 Brunei.

18 The services that Shell
19 Deepwater provided was evaluation prior
20 to taking on the licenses. The
21 licenses were subsequently never

22 ratified, but there were also an
23 organization called Shell Deepwater
24 Brunei in anticipation of these
25 licenses will be ratified, but they're
0190

1 MATTHIAS BICHSEL

2 still in abeyance as we speak.

3 Q. And the relationship between
4 SDS and Shell Deepwater Brunei started
5 in either 1998 or 1999?

6 A. Yes.

7 Q. And it continued --

8 A. The relationship that SDS
9 had with Shell Deepwater Brunei was in
10 1999, started in 1999.

11 Q. And did that continue
12 throughout your tenure at SDS?

13 A. That did continue until the
14 time and I do not recall the date when
15 it became clear that because of certain
16 issues between Malaysia and Brunei, a
17 border dispute, that the two -- that
18 the license was not, it was not
19 possible to get that ratified. When
20 that happened, then effectively there
21 was no need for any services to be
22 provided by Shell Deepwater Services to
23 Shell Deepwater Brunei.

24 Q. Do you have an understanding
25 of when this, I'll call it a licensing
0191

1 MATTHIAS BICHSEL

2 ratification issue, became a problem so
3 that the relationship was terminated?

4 A. I do not recall the date.

5 Q. Do you recall the year?

6 A. I do not recall the year.

7 Q. And you were clear at the
8 beginning of your description of your
9 -- of SDS's interaction with Shell
10 Deepwater Brunei to specifically
11 categorize it as the deepwater services
12 of Brunei. My question is did SDS ever

13 interact -- well, withdrawn.

14 Did SDS have any
15 relationship with an onshore or shallow
16 water entity in Brunei?

17 A. No, they did not.

18 Q. Do you know whether Shell
19 has an onshore or shallow water entity
20 in Brunei?

21 A. Yes, we do.

22 Q. And what's the name of that
23 entities?

24 A. Brunei Shell Petroleum.

25 Q. Who at SDS was responsible

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1 MATTHIAS BICHSEL

2 for interacting with Shell Deepwater
3 Brunei?

4 A. Mr. Rich Sears.

5 Q. Anybody else that you can
6 think of?

7 A. No.

8 Q. And who in particular did he
9 interact with at Shell Deepwater Brunei?

10 A. The interaction took place
11 with Mr. Kees Ruitenbeek, K-e-e-s,
12 R-u-i-t-e-n-b-e-e-k.

13 Q. What was the nature of their
14 interaction, do you recall?

15 A. This was the provision of
16 services, the scope to determine the
17 level of the CTR.

18 Q. Do you know whether Mr.
19 Sears ever made any trips to Brunei?

20 A. I do not know.

21 Q. Do you know whether Mr.
22 Ruitenbeek ever made any trips to
23 either Houston or New Orleans?

24 A. I do not know.

25 Q. Did you ever make any trips

0193

1 MATTHIAS BICHSEL

2 to Brunei?

3 A. I did not make any trips to

4 Brunei in my capacity as director of
5 Shell Deepwater Services.

6 Q. Under what circumstances, or
7 what title did you hold when you did
8 make a trip to Brunei?

9 A. I was director of
10 exploration.

11 Q. Did Shell Deepwater Brunei
12 ever request that SDS provide services
13 with respect to categorizing proved
14 reserves or assisting in the
15 categorization of proved reserves?

16 A. Shell Deepwater Brunei was
17 the vehicle that was supposed to operate
18 the deepwater license in Brunei but the
19 license was never ratified, which means
20 that the -- the drilling for hydrocarbons
21 in that deepwater license block was not
22 undertaken, which means that no
23 hydrocarbons were found.

24 Q. And that was a result, I
25 think you testified before, of a border

0194

1 MATTHIAS BICHSEL
2 dispute between Malaysia and Brunei?

3 A. That's correct.

4 Q. Have you ever heard of a
5 term called marginal reserves?

6 A. I have heard of the term,
7 yes.

8 Q. Do you have an understanding
9 as you sit here today of what a
10 marginal reserve is?

11 A. My understanding of a
12 marginal -- marginal reserve is that this
13 is an accumulation that contains
14 hydrocarbons that however is economically
15 and commercially challenged. In this
16 particular case the term reserve has,
17 however, nothing to do with proved
18 reserves. This is the -- this is used
19 for the characterization of hydrocarbons,
20 either oil or gas.

21 Q. Do you have an understanding
22 of whether SDS ever performed a review of
23 marginal reserves for Shell Deepwater
24 Brunei?

25 A. No, I do not.

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1 MATTHIAS BICHSEL

2 Q. No, you don't know, or no
3 they did not?

4 A. No, I do not know and I
5 don't recall. As I stated, Shell
6 Deepwater Brunei was operate -- was
7 supposed to be operating the deepwater
8 licenses that however never came to
9 success. So no drilling took place in
10 Brunei deepwater.

11 Q. So then is it fair to say
12 that to the best of your understanding
13 as you sit here today no reserves were
14 booked for Shell Deepwater Brunei?

15 A. Correct.

16 Q. Do you know whether there
17 was an audit of reserves conducted in
18 2002 for Shell Deepwater Brunei?

19 A. I do not know.

20 Q. Do you know of anybody --
21 can you think of anybody at SDS that
22 would know whether there was an audit
23 in 2002 of Shell Deepwater Brunei?

24 A. No, I could not think of
25 anybody.

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2 Q. Do you know whether Shell
3 Deepwater Services performed any
4 services on behalf of the -- I'm going
5 to mispronounce this -- on behalf of
6 the Shell onshore or shallow water
7 entities in Brunei?

8 MS. ASHTON: I think you've
9 asked him that before. I mean I'm
10 happy to go on with this but I kind of
11 would like if we not repeat questions,

12 but you can answer.

13 A. Shell Deepwater Services did
14 not provide any services to Brunei
15 Shell Petroleum.

16 Q. Can you provide for me the
17 nature of the interaction that SDS had
18 with Angola, please?

19 A. Shell Deepwater Services
20 provided services pertaining to
21 exploration in Angola, where Shell had
22 a number of deepwater blocks. And
23 Shell Deepwater Services provided
24 services in relation for Shell Angola
25 to govern the relationship with their

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2 -- with the partner, BP, in Block 18.

3 Q. Was there a team of people
4 at Shell Deepwater Services that were
5 responsible for interacting with Shell
6 Angola?

7 A. There were -- there was a
8 team that had indeed that task.

9 Q. And who were -- who were the
10 members of that team?

11 A. I do recall the team leader,
12 Mr. Ian Hines.

13 Q. And were there any other
14 members on Mr. Hines's team, immediate
15 subordinates?

16 A. There were. I do not recall
17 their names.

18 Q. Do you know whether Mr. Hines
19 ever traveled to Angola with respect to
20 performing services on behalf of Shell
21 Angola?

22 A. I do not know.

23 Q. Do you know whether anybody
24 from Angola was specifically charged
25 with interacting with SDS involving

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1 MATTHIAS BICHSEL

2 their relationship between SDS and

3 Shell Angola?

4 A. The asset manager for Block
5 18, a gentleman called Grigore Simon, or
6 Simon Grigore, I forgot, was interacting
7 with Shell Deepwater Services, yes.

8 Q. Do you know whether Mr.
9 Grigore ever traveled to Houston or New
10 Orleans to meet with SDS officials to
11 discuss --

12 A. Yes.

13 Q. What was the nature of those
14 interactions?

15 A. He engaged with Shell
16 Deepwater Services, the team that was
17 providing services for Angola as to the
18 nature of the CTR, the scope, again, of
19 the content, what Shell Deepwater
20 Services was helping Shell Angola
21 vis-a-vis their relationship and how to
22 manage the relationship with BP for the
23 development of these discoveries that
24 had been made in Block 18.

25 In addition, they were

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2 talking about the exploration campaigns
3 in exploration blocks that we had,
4 Block 10 and Block 34.

5 Q. Do you know whether SDS ever
6 provided assistance to Shell Angola in
7 categorizing proved reserves?

8 A. As part of the CTR, SDS was
9 asked to evaluate the volumetric ranges
10 in terms of the hydrocarbons in place,
11 the scope for recovery, expectation
12 reserves, the full range of the
13 expectation reserves as a service under
14 CTR to Shell Angola.

15 Q. Do you know whether Shell
16 Angola ever booked any proved reserves?

17 A. I do not know.

18 Q. Do you know whether any
19 reserves that were booked by Shell Angola

20 were ever de-booked or recategorized as
21 part of Shell's recategorization in 2004?

22 A. I cannot recollect.

23 Q. Do you know whether Mr.
24 Sears would know the answer to this
25 question?

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2 A. I would not know whether he
3 would know.

4 Q. Did Shell have an onshore or
5 shallow water entity in Angola?

6 A. No.

7 Q. I may have asked you this
8 but if I did I apologize. Did you ever
9 make any trips to Angola?

10 A. No, I did not.

11 Q. Did anybody from your staff
12 ever make trips to Angola?

13 A. I cannot recollect.

14 Q. Do you know whether anybody
15 from Angola came to the United States
16 to meet with you personally?

17 A. The staff that were managing
18 the Angola operation, so the Shell
19 Angola, they were based in The Hague.
20 And the staff like Mr. Grigore would
21 come, as I already mentioned, would
22 come to Houston.

23 Q. Do you know what the nature
24 of the discussions that took place in
25 Houston were?

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2 MS. ASHTON: Asked and
3 answered.

4 A. Well, Mr. Grigore traveled
5 several times to Houston to discuss
6 with the team the services that Shell
7 Deepwater would provide, as I already
8 indicated, as well as the progress that
9 the team was making in working on the
10 development concepts and alternative

11 ideas to what the BP team was doing, as
12 well as to help Mr. Grigore in his
13 interactions with the BP asset team.

14 Q. At any point in time did you
15 have any discussions with respect to
16 booking reserves in Angola with Sir
17 Philip Watts?

18 A. No.

19 Q. Okay, I want to move ahead
20 and discuss any interaction that SDS
21 had with Norske Shell. We discussed
22 that before. Can you discuss the
23 nature of the relationship that SDS had
24 with Norske Shell.

25 A. Norske Shell was a partner,

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2 or still is partner in a deepwater
3 development called Ormen Lange. At the
4 time Norske Shell, and what is now the
5 current operator, Norsk Hydro, had
6 discussions ongoing how and who and
7 when should operate which part of the
8 development. As part of that
9 discussion a visit took place by Norsk
10 Hydro staff to Houston to discuss what
11 services Shell Deepwater Services could
12 provide in the development of the Ormen
13 Lange field.

14 Q. And as part of that what
15 exactly were the services that were
16 called for?

17 A. The services were called for
18 were on the engineering side, so that
19 had to do with -- this is an extreme
20 water depth in extreme climate
21 conditions and the questions that were
22 debated was did we have any experience
23 that Norsk Hydro, which became the
24 development operator for Ormen Lange,
25 could leverage in terms of, you know,

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2 drilling in subsea wells and pipeline
3 laying in these water depths.

4 Q. Was there a team at SDS that
5 was responsible for interacting with
6 Norske Shell?

7 A. No.

8 Q. Were there specific people
9 in Norske Shell that had an expertise
10 in Deepwater Services?

11 A. In -- in -- no, not in
12 Norske Shell. In Norske Shell there
13 were no people that had specific
14 deepwater experiences.

15 Q. Who in particular did your
16 team interact with in Norske Shell?

17 A. I'd like to make sure that
18 I'm -- I talked about Norsk Hydro --

19 Q. I'm sorry, Norsk Hydro?

20 A. Hang on, hang on. Just to
21 be absolutely clear. Maybe let me go a
22 step back. Ormen Lange is a
23 hydrocarbon, a gas accumulation that
24 has -- that covers a number of licenses
25 in the Norwegian shelf, and the

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2 discussion was had between the partners
3 who would be the operator of the
4 development phase and who would be
5 partner of the operations phase.

6 As part of that discussion

7 Norsk Hydro came over to Houston to
8 discuss with Shell Deepwater Services
9 what expertise Shell Deepwater
10 Services, but Shell in general, would
11 have in the development of that very
12 difficult field from an engineering
13 point of view.

14 We did not have contact with
15 Norske Shell, because Norske Shell as
16 it was determined at around that time
17 was the operating -- was the operator
18 during the operations phase, so after

19 the development.

20 Q. So I guess I'm a little --

21 I'm a little bit confused. After that
22 initial meeting in Houston where you
23 discussed what the ramifications and
24 the services that would be performed by
25 SDS for Norsk Hydro, Norske Shell, my

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2 question is was there any subsequent
3 interaction between anybody at SDS and
4 anybody at either Norsk Hydro or Norske
5 Shell?

6 A. Fundamentally, there were no
7 services provided to Norsk Hydro. The
8 business model that Shell Deepwater
9 Services had was to provide services to
10 Shell entities and not to other
11 companies.

12 Q. The work that SDS did for
13 Norske Shell, was it related at all to
14 technical work or technical maturity?

15 A. I do not understand the
16 question.

17 Q. Do you have an understanding
18 of the term technical maturity?

19 A. I do not have an
20 understanding of that term in connection
21 with the Ormen Lange or Norsk Hydro
22 thing.

23 Q. Do you have an understanding
24 of the term commercial maturity?

25 A. I am confused. I do not

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2 follow your reasoning.

3 Q. Let's take a step back.

4 Have you heard the term technical
5 maturity? Do you know what that means?

6 A. I have heard the term but I
7 have to be clear what context that
8 you're talking about.

9 Q. I'm talking about in a

10 general context. Do you know when --
11 with respect to oil and gas and the
12 scope for recovery, do you have an
13 understanding of the term technical
14 maturity?

15 A. Yes, I do.

16 Q. Okay. What is your
17 understanding of technical maturity?

18 A. An exploration prospect when
19 we have done the evaluation of the
20 seismic data, the gravity data, when we
21 have run seabed logging which is a new
22 technology that we're deploying, for
23 instance, and determine after the full
24 evaluation, the mapping, the
25 determination of the risks with that

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2 particular exploration prospect,
3 whether then it has the technical
4 maturity to be ready to be drilled, to
5 be tested.

6 Q. Do you have an understanding
7 of the term commercial maturity?

8 A. Yes, I do.

9 Q. And what's your
10 understanding of the term commercial
11 maturity?

12 A. To use my exploration
13 example again, that would mean that
14 besides the technical maturity, so if
15 it is ready from a risk perspective and
16 from a reward perspective, that the
17 economics, given the oil price
18 assumptions that we're using in our
19 models, that in case of success this
20 particular prospect, if it found
21 hydrocarbons could be developed
22 profitably.

23 Q. Now, my question with
24 respect to Norske Shell is was the work
25 that SDS performed for Norske Shell,

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2 did that have -- did that work, was
3 that related to technical maturity or
4 technical work such that would be done
5 before the booking of a proved reserve?

6 MS. ASHTON: Objection. You
7 can answer if you understand it.

8 A. I cannot answer the
9 question. I don't understand the
10 question.

11 Q. Do you have an understanding
12 whether Shell Norway or Norske Shell
13 booked any reserves between 1999 and
14 2004?

15 A. I do not know when they
16 booked reserves.

17 Q. Do you know if they booked
18 reserves at all?

19 A. I know that reserves were
20 booked for Ormen Lange.

21 Q. Do you know whether the
22 reserves that were booked for Ormen
23 Lange were recategorized as part of
24 Shell's recategorization in 2004?

25 A. My recollection is that they

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1 MATTHIAS BICHSEL

2 were, yes.

3 Q. What is the basis of your
4 recollection?

5 A. What I heard, what I read.

6 Q. Who did you specifically
7 speak to about the recategorization of
8 Ormen Lange?

9 A. I did not speak to anybody
10 about the recategorization of Ormen
11 Lange reserves.

12 Q. What did you read about so
13 that you now recollect there was a
14 recategorization of Ormen Lange?

15 A. What I -- my data is a
16 summary of throughout the period of the
17 recategorization on the various

18 properties that have changes to
19 reserves. Documents that I have seen
20 as a member of the executive committee.

21 Q. And I have asked you this
22 before, but maybe not. Did you ever
23 make any trips to Norway?

24 A. Yes, I did.

25 Q. In your role as director of

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2 SDS?

3 A. No, I did not.

4 Q. Did anybody from your staff
5 make any trips to Norway with respect
6 to work performed for Norske Shell?

7 A. My recollection is yes.

8 Q. Do you have an understanding
9 of who that was?

10 A. I do not recollect.

11 Q. I may have asked you this
12 before, but I may have forgotten. Did
13 anybody from Norske Shell or from
14 Norway or Shell Norway travel to either
15 Houston or Louisiana to discuss the
16 role SDS would play with respect to
17 Norske Shell?

18 A. As part of the delegation of
19 Norsk Hydro there was a person from
20 Norske Shell, but I do not recollect
21 who that was.

22 Q. Did that person meet with
23 you in particular?

24 A. No, I was only present at a
25 dinner.

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2 Q. Did Norway have a --
3 withdrawn.

4 I want to move on to the
5 interaction of SDS with Gabon. Can you
6 explain the interaction that SDS had
7 with Gabon?

8 A. Gabon at the time entered

9 into a number of deepwater licenses,
10 and asked Shell Deepwater Services to
11 evaluate the hydrocarbon potential and
12 the exploration potential of these
13 licenses under a CTR arrangement.

14 Q. And when did the
15 relationship between SDS and Gabon
16 commence?

17 A. I do not recall, but it was
18 post-1999. It was in 2000, end of 2000
19 or 2001.

20 Q. And did that relationship
21 with Gabon continue until you left SDS?

22 A. I do not know.

23 Q. Did you have a team at SDS
24 that interacted with anybody specifically
25 at Gabon?

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2 A. No, we did not.

3 Q. Did Gabon have a shallow
4 water or onshore -- onshore equivalent?

5 A. Yes.

6 Q. What was the name of the
7 Gabon onshore or shallow water
8 equivalent?

9 A. I think it's called Shell
10 Gabon.

11 Q. Did SDS perform any work for
12 Shell Gabon? I'm specifically talking
13 about the shallow water or onshore
14 equivalent.

15 A. No, SDS did not perform any
16 work on the -- for the onshore part.

17 Q. Did you ever travel to
18 Gabon?

19 A. No.

20 Q. Did anybody from your team
21 ever travel to Gabon?

22 A. Not to my recollection.

23 Q. Did anybody from Gabon
24 travel to either Houston or to
25 Louisiana, New Orleans?

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2 A. Yes.

3 Q. Do you recall the name of
4 the individual that traveled there?

5 A. The exploration manager at
6 the time was a gentleman called Mr.
7 Ebbie Haan, who I mentioned before, and
8 he traveled to Houston, he visited
9 Houston to discuss the program for the
10 deepwater evaluation that Shell
11 Deepwater Services, he asked for to
12 provide the services for.

13 Q. Did part of the interaction
14 between Shell Deepwater Services and
15 the deepwater Gabon counterpart, did
16 that include assistance by Shell
17 Deepwater Services in categorizing
18 proved reserves for Gabon?

19 A. No, it did not.

20 Q. Do you know whether any
21 reserves that were, any proved reserves
22 that were booked were de-booked and
23 recategorized as part of Shell's
24 recategorization in 2004?

25 A. I do not know.

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2 Q. Do you think Mr. Haan would
3 know that information?

4 A. I do not know, but I doubt
5 it. The reason is Mr. Haan moved on
6 into a different job.

7 Q. Is Mr. Haan still employed
8 by Shell?

9 A. He is indeed.

10 Q. In had what capacity?

11 A. He is the general manager
12 for Shell Algeria.

13 Q. Are you familiar with
14 something called the Bellaire
15 Technology Center?

16 A. Yes, I'm familiar with the

17 name.

18 Q. What is the Bellaire
19 Technology Center?

20 A. The Bellaire Technology
21 Center is a number of buildings in the
22 Bellaire district of Houston.

23 Q. Do you have an understanding
24 as to what goes on at the Bellaire
25 Technology Center?

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2 A. Yes, I do.

3 Q. What goes on at the Bellaire
4 Technology Center?

5 A. At the Bellaire Technology
6 Center there is research being conducted
7 for exploration and production business
8 for Shell. That's the main, the main
9 activity that is happening there.

10 Q. When you say research being
11 conducted, can you be more specific as
12 to what kind of research you mean?

13 A. Research for exploration,
14 for development, for well engineering,
15 for Arctic operations, for deepwater
16 operations, for anything to do for CO2
17 sequestration, for heavy oil,
18 extraction for enhanced oil recovery
19 methodologies, so anything to do with
20 the exploration and production
21 business. The focus is mainly on the
22 development side and production side.

23 Q. Can you identify for me as
24 you sit here today any of the Shell
25 units that are located at the Bellaire

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2 Technology Center?

3 A. The unit that is located --
4 or the unit that is located is called
5 EPT research and development.

6 Q. Is that a new unit or is
7 that a unit that's been in existence

8 for quite some time?

9 A. No, that's a new unit that
10 came into existence sometime in 2003.

11 Q. And what are the
12 responsibilities of EPT research? What
13 do they do?

14 A. They are conducting research
15 for the benefit of exploration and
16 production in areas of exploration, in
17 development, in enhanced oil recovery,
18 in oil sands, in oil shales and tight
19 gas, in well engineering and Arctic
20 operations.

21 Q. Prior to 2003, did the
22 Bellaire Technology Center house any
23 other Shell organizations or operating
24 units, or units in general?

25 A. Prior --

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2 Q. Prior to 2003, when EPT
3 research I guess was moved into the
4 Bellaire Technology Center, were there
5 any other units or organizations that
6 were housed at the Bellaire Technology
7 Center?

8 A. From 1999 onward until 2003,
9 the Bellaire Technology Center housed
10 the organization called SEPTAR.

11 Q. Do you have an understanding
12 of what SEPTAR is?

13 A. SEPTAR per se does not exist
14 any more. The organization that
15 provided research for exploration and
16 production, as I explained, the same
17 scope as I already explained, and they
18 also provided technical services to
19 particular the operating unit in the
20 United States called SEPCO.

21 Q. Do you have an understanding
22 as to when SEPTAR came into existence?

23 A. In 1999.

24 Q. And that coincided with

25 Shell Deepwater Services?

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2 A. That's correct.

3 Q. Did SEPTAR have any
4 relationship in particular with Shell
5 Deepwater Services?

6 A. SEPTAR was a sister
7 organization to Shell Deepwater
8 Services.

9 Q. When you say it was a sister
10 to Shell Deepwater Services, in what
11 way was it a sister?

12 A. We have an organization
13 called Shell Technology E&P, that was
14 the umbrella organization that
15 contained Shell Deepwater Services, and
16 Shell Deepwater Services, as we already
17 discussed, was based in the -- in the
18 United States. It contained the SEPTAR
19 organization. And SEPTAR had two
20 branches, one in the States and one in
21 Holland. And it housed -- the STEP
22 organization also included Shell
23 Technology Ventures. Again, in the
24 States as well as in the Netherlands.

25 Furthermore, the STEP

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2 organization also had learning and
3 development, as well as a number of
4 minor technical functions like library
5 services and drafting, as so on.

6 Q. Considering that SEPTAR and
7 SDS were sister organizations, were
8 there any common projects that SEPTAR
9 and SDS worked on together?

10 A. No. But SEPTAR provided
11 research amongst others for deepwater
12 operations. So they were doing
13 research in the engineering arena in
14 connection with the platforms that we
15 installed, in connection with

16 pipelines, in connection with well
17 engineering in deepwater conditions.
18 They would also do research for
19 subsurface around geology in terms of
20 the particular properties of deepwater
21 sands, which are different to sands in
22 shallow water.

23 So they were the research
24 organization that effectively provided
25 Shell Deepwater Services with -- with
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2 technologies that Shell Deepwater
3 Services would then apply on a global
4 basis using the expertise and knowledge
5 that we had in that organization.

6 Q. Do you know who was the
7 director of SEPTAR when it -- when it
8 opened in 1999?

9 A. Mr. Paul Sullivan.

10 Q. Was he the direct -- is his
11 title director?

12 A. It was director, yes.

13 Q. Do you know whether he was
14 the director of SEPTAR from the time
15 that it began till the time that it
16 ended?

17 A. I -- he started off as
18 director in 1999, and I do not recall
19 when Mr. Sullivan stepped back from his
20 job as director of SEPTAR.

21 Q. Do you have a recollection
22 of anybody else having served as the
23 director of SEPTAR?

24 A. I do not know.

25 Q. Did any of the people that
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2 worked for SDS ever transfer or move
3 over to become employees of SEPTAR?

4 A. I've no recollection of
5 that.

6 Q. Do you know, you mentioned

7 before that SEPTAR had offices in the
8 States and also in Holland. Do you
9 recall having said that?

10 A. I do.

11 Q. Okay. And when you say it
12 had offices in the States, where in
13 particular in the States were its
14 offices other than in Bellaire, and the
15 Bellaire Technology Center?

16 A. My recollection is that
17 SEPTAR was based at Bellaire Technology
18 Center in Houston.

19 Q. Do you know whether it had
20 offices anywhere else?

21 A. In the United States?

22 Q. Yes.

23 A. No, I don't.

24 Q. Okay. So it didn't have an
25 office in Houston like SDS did -- in

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1 MATTHIAS BICHSEL
2 Louisiana like SDS did, correct?

3 A. That's correct.

4 Q. You also mentioned that
5 SEPTAR had offices in Holland. Where
6 in particular in Holland did it have
7 offices?

8 A. In Rijswijk.

9 Q. Are you aware of any other
10 places around the world in which SEPTAR
11 had offices?

12 A. No.

13 Q. Is it possible that it had
14 offices in other places?

15 A. The -- we opened an
16 organization in that -- no, sorry, that
17 was after SEPTAR.

18 Q. Do you have -- I may have
19 asked you this, if I did I apologize,
20 but do you have an understanding of why
21 SEPTAR was created?

22 A. The -- that was part of a
23 study, as I mentioned, of which the

24 deepwater was a subset thereof, whereby

25 it was -- the structure was to try to

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2 leverage the expertise that Shell had
3 both in the United States, in Houston,
4 where research and development was
5 undertaken, as well as in Holland where
6 also research and development was
7 undertaken. And it was determined that
8 in order to ensure that there is no
9 overlap, but that we could profit from
10 the synergies, that an umbrella
11 organization would be established
12 called SEPTAR, with, however, two
13 entities, two legal entities, one
14 housed in SIEP, Inc., in the US and the
15 other one as a Dutch entity that was
16 housed in SIEP B.V., in Holland.

17 Q. Was there, to the best of
18 your knowledge, a flow of information,
19 a steady flow of information between
20 SEPTAR US and SEPTAR in Rijswijk?

21 MS. ASHTON: Objection;
22 foundation, but you can answer if you
23 know.

24 A. I don't know.

25 Q. Do you know what portion of

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1 MATTHIAS BICHSEL

2 the work performed by SEPTAR was
3 performed in the United States, what
4 specific tasks were performed in the
5 United States?

6 MS. ASHTON: Objection;
7 foundation.

8 A. The -- all the deepwater
9 research was performed in the States
10 from an engineering point of view.
11 Then there were research -- however in
12 terms of, you know, turbidite
13 reservoirs and so on, that was done
14 partly in the States and partly in

15 Europe.

16 Q. Do you have an understanding
17 as to why the division of tasks were
18 the way that they were?

19 A. That had to do with the
20 presence of the people with the
21 expertise in this particular field and
22 their nationality. Our rule is that we
23 do not want to transfer people, US
24 people into Holland or vice versa.
25 It's a cost -- it's a cost question.

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2 Q. Do you have an understanding
3 as to why SEPTAR was terminated or
4 abolished?

5 A. In 2003 we undertook as a
6 whole of an EP an exercise to restructure
7 exploration and production. We created
8 effectively a new operating model. And
9 as part of that SDS and SEPTAR were
10 abolished and wound into a new
11 organization called EPT, EP Technical.

12 Q. Did SEPTAR interact with
13 specific Shell operating units much
14 like SDS did?

15 A. Yes, they did.

16 Q. Do you have an understanding
17 of some of the entities or operating
18 units that SEPTAR interacted with?

19 A. SEPTAR provided services to
20 operating units that were operating on
21 the -- in shallow water as well -- as
22 well as on land.

23 Q. Okay. Do you have any
24 recollection of any specific operating
25 units that SEPTAR interacted with?

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2 A. SEPTAR in Rijswijk, for
3 instance, would do field development
4 studies for a number of operating
5 companies that included SPDC, Gabon, in

6 the African continent. They would be
7 working for Malaysia on the gas
8 development.

9 Q. Can you think of any others?

10 A. I do not know more than
11 that.

12 Q. How about SEPTAR US, the US
13 entity, the US part of SEPTAR, do you
14 have any understanding as to which
15 operating unit SEPTAR US interacted
16 with?

17 A. SEPTAR in the US was mainly
18 a research organization, and the only
19 services that they provided was to the
20 US entities, to SEPCO and Shell
21 Offshore, Inc. as well as to our West
22 Texas properties, that's gas property
23 in West Texas that we had, and
24 subsequently to the acquisition of the
25 property in Wyoming they would provide

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2 services to that particular operating
3 entity as well.

4 Q. What operating entity is
5 located in Wyoming?

6 A. It's Pinedale, it's called
7 Pinedale, which is a property that we
8 acquired in 2002 I think. And the --
9 that was a specific gas property which
10 requires drilling of very deep well, deep
11 wells, that's eight to 10,000 feet, and
12 requires to treat the rock so that you
13 can get the gas out. So they provided
14 research services to SEPCO.

15 Q. I think you testified
16 earlier about an entity called STV. Do
17 you remember that, having testified
18 about STV?

19 A. Yes, I do.

20 Q. What is STV?

21 A. Shell Technology Ventures.

22 Q. And what is the role of

23 Shell Technology Ventures?

24 A. Shell Technology Ventures
25 commercializes technologies that the

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1 MATTHIAS BICHSEL
2 research organization has developed and
3 where as a company we have decided that
4 we would go that route of either
5 sharing or selling the intellectual
6 property rights or enter into joint
7 ventures with a service company, for
8 instance, if it -- if it's around
9 manufacturing or fabricating hardware,
10 because we're not in the business of
11 fabricating hardware. So that's the
12 vehicle that we use to commercialize
13 technology that we have developed.

14 Q. Where is STV located?

15 A. STV is -- STV has two legal
16 entities, one in Holland and one in the
17 United States, so in Houston and in
18 Rijswijk. There's an STV B.V. and an
19 STV, Inc.

20 Q. Just to go back to SEPTAR
21 for a minute. Do you know how many
22 people were employed by SEPTAR between
23 1999 and 2003?

24 A. I do not recollect that.

25 Q. Do you know how many people

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1 MATTHIAS BICHSEL
2 are employed by STV?

3 A. I do not recollect, but it
4 was about 20, 25 in total.

5 Q. Do you know whether STV
6 interacted with any specific Shell
7 operating units?

8 A. No, I don't know that.

9 Q. Do you know who the director
10 of STV was?

11 A. Bill Dirks, D-i-r-k-s.

12 Q. During your tenure at SDS --
13 withdrawn.

14 Do you know when STV came
15 into existence?

16 A. STV existed before I joined
17 Shell Deepwater Services, but I do not
18 know when it was established.

19 Q. Is STV still in existence
20 today?

21 A. Yes.

22 Q. Do you know whether STV has
23 any reason to interact with Shell
24 Deepwater Services?

25 A. No, STV had no -- Shell --

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2 STV had no reason to interact with
3 Shell Deepwater Services.

4 Q. Have you ever heard the term
5 center of excellence?

6 A. Yes.

7 Q. What is a center of
8 excellence?

9 A. This is a metaphorical
10 description of where we bring people
11 together that have a particular expertise
12 in their field, in exploration, petroleum
13 engineering, in engineering, in well
14 engineering. A center of excellence is a
15 virtual, is quite often a virtual center,
16 so that means people are distributed
17 around the world and they are connected
18 through knowledge networks, that's
19 information technology networks, and they
20 effectively can provide services to
21 operating units around the world.

22 Q. Do you have an understanding
23 as to who coined the term center of
24 excellence?

25 A. I do not know.

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2 Q. Do you know when that term
3 became part of the dialect within the
4 Shell company?

5 A. The term was used already in
6 the -- in the nineties.

7 Q. Can you be a little bit more
8 specific? Do you know whether that was
9 the beginning of the nineties, the
10 middle of the nineties?

11 A. The middle of the nineties.

12 Q. As you sit here today, do
13 you have an understanding of some
14 examples of Shell units, operating
15 units or entities that are referred to
16 as centers of excellence?

17 A. Centers of excellence in the
18 mid-nineties were referred to the
19 Rijswijk entity where we effectively
20 amassed people that had expertises in
21 these fields which I've already
22 mentioned. And these expertise and
23 knowledge was effectively used to the
24 benefit of the global operating
25 activities that we had.

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2 The word, the term center of
3 excellence then became quite popular.
4 There were large operating units that
5 we, had like, for instance, our UK
6 operating unit called Expro. Expro in
7 Aberdeen, they had a group of people
8 they called center of excellence. We
9 know that in Oman, when I was working
10 in Oman we had a center of excellence
11 for desert seismic. So the term was
12 quite widespread.

13 Q. Do you know whether SNEPCO
14 was considered a center of excellence?

15 A. SNEPCO was not considered a
16 center of excellence, no.

17 Q. Was SDS considered a center
18 of excellence?

19 A. SDS had center of
20 excellence, yes.

21 Q. Do you know whether -- are

22 you familiar with the term scorecards?

23 A. Yes, I am.

24 Q. What is a scorecard?

25 A. A scorecard is a -- we use

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1 MATTHIAS BICHSEL
2 the term balanced scorecard. A
3 balanced scorecard was a series of
4 measures to measure the performance of
5 a business within a range of, depending
6 on what the measures are. That
7 effectively the idea is to ensure that
8 you focus on a number of business
9 drivers and record those and manage the
10 business against it. This was --
11 became in vogue, came through
12 management gurus in the middle of the
13 nineties, from 1995, '96 onward we used
14 those.

15 Q. Did an operating unit or a
16 Shell unit's recognition as a center of
17 excellence have a positive impact on
18 that operating unit's scorecard?

19 A. No.

20 MR. ARANOFF: Let's take a
21 five minute break.

22 THE VIDEO OPERATOR: We'll
23 go off the record 3:19, this is the end
24 of tape 2.

25 (A recess was taken.)

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2 THE VIDEO OPERATOR: We're
3 back on the record, it's 3:36, this is
4 tape number 3.

5 Q. Mr. Bichsel, I want to just
6 go back to a couple of loose ends and
7 tie them up. We were discussing
8 shortly before the break SEPTAR. Do
9 you recall that?

10 A. Yes.

11 Q. Okay. And you mentioned
12 that SEPTAR had offices in both

13 Rijswijk and in Houston; is that
14 correct?

15 A. That's correct, I -- I
16 recollect, yes.

17 Q. Okay. Did the Rijswijk
18 SEPTAR office and the Houston SEPTAR
19 office work jointly or did they work
20 separately?

21 A. They had an overarching
22 program, but they worked separately on
23 the various research topics and the
24 services that they did.

25 Q. When you --

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2 A. As I explained -- excuse
3 me --

4 Q. No, you were speaking and I
5 discourteously interrupted you, so I
6 apologize.

7 A. The -- I lost the train of
8 thought. Anyhow, we'll get to it.

9 Q. You were discussing the
10 interaction between Rijswijk and
11 Houston. You said it had an
12 overarching program is one of the words
13 you used. Do you recall having said
14 that?

15 A. That's correct. The --

16 Q. I just want to know what you
17 meant by that.

18 A. The overarching program was
19 a research plan that obviously had to
20 benefit the whole of Shell, and it was
21 sorted out which bits of research would
22 be done out of Houston and which bits
23 of research done out of Rijswijk. As I
24 explained before, what we wanted to
25 avoid is duplication. It obviously

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2 wouldn't make any sense if the same
3 research program would be conducted in

4 both locations at the same time, just
5 doubling the costs.

6 So that was the main thing,
7 agreeing on who would be doing what.

8 Secondly, SEPTAR was also
9 providing services. And as I stressed,
10 we had the SEPTAR organization, we had
11 a legal home for SEPTAR in the States
12 which was SIEP, Inc., Shell
13 International Exploration & Production,
14 Inc., and we had for SEPTAR in the
15 Netherlands the legal home which was
16 Shell International Exploration &
17 Production B.V., a Dutch company. And
18 they would conduct businesses under
19 these legal entities.

20 As I also explained, is that
21 the SEPTAR organization in the US would
22 provide services as opposed to
23 research, services to the US entities
24 operating in the Gulf of Mexico, as
25 well as in West Texas, and at a later

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2 stage when we acquired that property in
3 Wyoming called Pinedale, they formed a
4 task force to unlock that tight gas as
5 I explained it.

6 Whereas the SEPTAR
7 organization in the Netherlands would
8 be providing services to operating
9 units outside the United States, that
10 was the business model.

11 Q. Can you recall any instances
12 in which SEPTAR Houston and SEPTAR
13 Rijswijk converged on the same project
14 together, either in the United States
15 or outside the United States?

16 MS. ASHTON: Objection to
17 foundation. If you know the answer you
18 can answer.

19 A. I do not know that. I have
20 no recollection. I was not working

21 with SEPTAR or for SEPTAR.

22 Q. Do you know whether SEPTAR
23 did any work for any operating units in
24 Oman?

25 MS. ASHTON: Objection;

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2 foundation.

3 A. I do not know.

4 Q. Are you familiar with a
5 gentleman by the name of Heinz
6 Rothermund?

7 A. Yes.

8 Q. Who is Mr. Rothermund?

9 A. Mr. Rothermund is a retired
10 Shell employee.

11 Q. Did you know Mr. Rothermund
12 in 2000?

13 A. Yes, I did.

14 Q. At any point in time in 2000
15 did you -- are you aware of any pressure
16 put on anyone in Shell Angola to book any
17 reserves, any proved reserves in the year
18 2000?

19 MS. ASHTON: Objection;
20 form.

21 A. I am not aware of any such
22 pressure being put on anybody.

23 Q. Do you have an understanding
24 of any sense of urgency in the year
25 2000 emanating from Mr. Rothermund or

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1 MATTHIAS BICHSEL

2 anybody else to book reserves in Angola
3 in the year 2000?

4 MS. ASHTON: Objection;
5 form.

6 A. In 2000, as well as in other
7 years, an integral part of the EP
8 business is to book hydrocarbons. This
9 is an important measures for the
10 investors. And in 2000, as in other
11 years, that was an element that we

12 carried on the EP scorecard.

13 Q. Did you personally have any
14 discussions with Mr. Rothermund in 2000
15 with respect to the booking of reserves
16 in Angola?

17 A. I was involved in dialogue
18 mainly via electronic means, as to the
19 provision of services pertaining to
20 enabling the Shell Angola organization
21 to book reserves in that year, or the
22 end of that year?

23 Q. Do you recall any specific
24 communications that you had with Mr.
25 Rothermund in 2000 with respect to the

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2 booking of reserves in Angola?

3 A. I do not recall offhand any
4 specifics on that.

5 Q. Do you recall attending any
6 meetings with Mr. Rothermund in which
7 the booking of reserves in Angola in
8 2000 were discussed?

9 A. I did not attend any
10 meetings with Mr. Rothermund regarding
11 the bookings.

12 MR. ARANOFF: Would you mark
13 this as Bichsel 3.

14 (Bichsel Exhibit 3 for
15 identification, Bates stamped 00017513
16 through SMJ 00017519.)

17 Q. Mr. Bichsel, the court
18 reporter has just handed you what's
19 been marked Bichsel 3 for purposes of
20 identification. It's an email string
21 bearing Bates number S like Sam, M like
22 Mary, J like John, 00017513 and
23 continuing sequentially through SMJ
24 00017518. It's marked confidential.
25 As I said, it's a string of emails.

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2 I'd ask that you look at what's been

3 marked Bichsel 3 for identification,
4 review it, and when you've completed
5 your review look up so that I know that
6 you're ready and I can ask you some
7 questions about it.

8 A. It goes to 19.

9 Q. Okay, I may have misspoke,
10 to 19. I apologize.

11 Have you had an ample
12 opportunity to review this document,
13 Mr. Bichsel?

14 A. I had a chance to review the
15 document.

16 Q. Okay. And you'll see that
17 the first email on the top of the first
18 page is an email from H.C. Rothermund
19 to G. Parry, Robert Inglis, Mahdi
20 Hasan, with a cc to S. Lovelock, M.
21 Minderhoud and to yourself. Do you see
22 that?

23 A. Yes.

24 Q. It was sent on September
25 18th, 2000 and received on that same

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1 MATTHIAS BICHSEL

2 date with the subject being cluster
3 development Angola. Do you see that?

4 A. Yes.

5 Q. And the first email seems to
6 be, on the top of the first page, is an
7 email purportedly sent by Mr. Rothermund
8 to the individuals I've just named. Do
9 you see that?

10 A. Yes, I do.

11 Q. And you'll look at the second
12 paragraph, it reads, "One of the most" --
13 "One of the important elements in the EP
14 scorecard is reserve replacement. It is
15 essential we should come up with
16 imaginative ways of booking those
17 reserves we have. Martijn's approach is
18 such an imaginative approach let's now
19 use it and use it for what it is meant to

20 be, not a final scheme for (sub-optimal)
21 field development, but a scheme for the
22 early booking of value!" Do you see
23 that?

24 A. Yes.

25 Q. Have I read that correctly,

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2 Mr. Bichsel?

3 A. Yes.

4 Q. As you sit here today, do
5 you have an understanding of what that
6 paragraph means?

7 A. I understand the words, yes.

8 Q. Do you understand what idea
9 Mr. Rothermund is attempting to convey
10 to you and to others by sending this
11 email?

12 A. Yes.

13 Q. What is he conveying in this
14 email to you and to others?

15 MS. ASHTON: Well, objection.
16 He's conveying it to -- I think he's
17 going to tell you his understanding.
18 Whether others understood it the same way
19 he can't testify to.

20 Q. I'm only asking for your
21 understanding based on when you
22 received this from Mr. Rothermund.

23 A. I was only cc'd on it. My
24 understanding of the email is that he
25 encourages Mr. Gordon Parry and Robert

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1 MATTHIAS BICHSEL

2 Inglis and Mahdi Hasan to come up with
3 a way of booking reserves in Angola.

4 Q. I just want to go back so
5 that there's no misunderstanding and so
6 that the record is clear. You were
7 cc'd on this email; is that correct?

8 A. That's correct.

9 Q. Okay. And you have an
10 understanding of what the term cc

11 means, what it means to be cc'd on an
12 email?

13 A. I'm copied.

14 Q. And is there any reason to
15 believe that you did not receive this
16 email in the same way that Mr. Parry or
17 Mr. Inglis or Mr. Hasan did other than
18 the fact that it went directly to them
19 with a copy to you?

20 MS. ASHTON: Objection,
21 but --

22 A. I'm not insinuating that. I
23 just for the record stated --

24 Q. Okay.

25 A. -- that the email was not

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2 addressed to me, it was addressed to
3 Mr. Parry, Inglis, and Mahdi Hasan, and
4 Ms. Lovelock, Mr. Minderhoud and
5 myself were carbon copied.

6 Q. Do you have an understanding
7 what Mr. Rothermund meant in the second
8 line of that paragraph where he says
9 "Imaginative ways of booking those
10 reserves we have"?

11 A. Yes, I do.

12 Q. What did he mean by that?

13 A. He meant by that that --

14 MS. ASHTON: Objection to
15 the form. He can state what he
16 understands he means. He doesn't -- he
17 doesn't know what Mr. Rothermund meant
18 per se. If that's what you're asking
19 him, that's fine.

20 MR. ARANOFF: Yes.

21 MS. ASHTON: He's asking you
22 for what you understand Mr. Rothermund
23 to mean, not necessarily what Mr.
24 Rothermund meant. So you can answer
25 the question.

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2 A. So let me be clear, I will
3 say what I understand rather than what
4 anybody else understood, is that what
5 I'm doing?

6 Q. Yes. You're going to
7 provide me with your understanding of
8 what imaginative ways of booking those
9 reserves we have is?

10 A. So I am going to answer the
11 question when I received that what did
12 I think and understand out of that.

13 Q. What this --

14 A. What I think and understand
15 out of that.

16 Q. That's correct for this
17 question. I may ask you some followup
18 questions on that, but for the purposes
19 of this question, that's correct.

20 A. Thanks for clarifying.

21 Q. Okay.

22 A. The way I understood it is
23 that Mr. Minderhoud, having -- talking
24 about a Min-DVA concept, which is
25 termed, obviously in this particular

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2 case that's my understanding as an
3 imaginative approach of developing the
4 Angola cluster in Block 18, that this
5 should be used. That's the suggestion
6 that I would take from that particular
7 email that Mr. Rothermund is making to
8 the people that are -- that they're
9 addressed in this email.

10 Q. And then you see in the line
11 further down it says "Martijn's approach
12 is such an imaginative approach." Did
13 you have an understanding back on or
14 about September 18th, 2000 of what he
15 meant by "Martijn's approach is such an
16 imaginative approach"?

17 A. Having had a chance to look
18 through the email trail, my

19 understanding is that this pertains to
20 the Min-DVA concept.

21 Q. What do you mean
22 specifically by the Min-DVA concept?

23 A. Do you ask me what I mean or
24 what the Min-DVA concept is?

25 Q. What is the Min-DVA concept?
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2 A. The Min-DVA concept is a
3 development concept that was developed
4 by Shell Deepwater Services, and that
5 allows to use a so-called spar, that is
6 like a buoy type of development which
7 floats at the top of the ocean. It is
8 anchored with ropes to the sea bottom,
9 and it allows to put drilling platform
10 and processing equipment on that
11 platform.

12 The imaginative approach
13 that SDS was using there is to
14 miniaturize that particular concept so
15 that it is lighter and more cost
16 efficient. That was what a Min-DVA
17 concept is.

18 Now I have to also say what
19 that actually stands for. Min stands
20 for minimum and that has to do with a
21 miniaturization, and DVA stands for
22 direct vertical access. That means
23 this is a concept that is particularly
24 suited for hydrocarbon accumulations
25 that have several layers of reservoir
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2 of hydrocarbons stacked vertically on
3 top of each other so that you can using
4 one or -- one well to penetrate a
5 number of those reservoirs, that's the
6 direct vertical access of directly
7 vertical from the seabed -- from the
8 sea level to the sea bottom into the
9 reservoir.

10 Q. If you look at the third
11 paragraph of this email it reads, "I am
12 getting quite disenchanted to notice
13 that each time a new idea for reserves
14 booking is coming up, we spend
15 determined time to shoot it down rather
16 than to see how to progress it." Do
17 you see where I'm reading from now, Mr.
18 Bichsel?

19 A. Yes, I do.

20 Q. Did I read that paragraph
21 correctly?

22 A. Yes, you did.

23 Q. Did you have an
24 understanding on September 18th, 2000
25 as to what was meant by that paragraph

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1 MATTHIAS BICHSEL

2 -- by that paragraph?

3 A. My understanding was that
4 Mr. Rothermund got disenchanted that
5 apparently a good idea was shot down by
6 certain people rather than using it.

7 Q. Subsequent to your receiving
8 this email from Mr. Rothermund, did you
9 have reason to discuss the contents of
10 this email with Mr. Rothermund?

11 A. I do not recall having
12 discussed this particular email with
13 Rothermund.

14 Q. Did you have any
15 recollection of discussing anything or
16 any of the concepts contained in this
17 first email with Mr. Rothermund?

18 A. I do not recall discussing
19 this particular issue or content of
20 that -- around the cluster development
21 in Angola with Mr. Rothermund
22 specifically.

23 Q. Do you have a recollection
24 if you discussed the contents of this
25 email with Mr. Parry?

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2 A. I did not discuss that
3 particular, that context with Mr.
4 Parry. However, I did discuss this
5 particular context with Mr. Mahdi
6 Hasan.

7 Q. And what was the nature of
8 your conversations with Mr. Hasan with
9 respect to this email?

10 A. The issue with the Min-DVA
11 concept is that it's not applicable in
12 the context of Angola, and that was the
13 discussion that we had to try advise
14 Mr. Minderhout who is an exploration
15 geologist, or geophysicist, I should
16 say, by background, he's not an
17 engineer, did not understand that the
18 Min-DVA concept was not applicable in
19 this particular instance, and that's
20 the discussion I had with Mr. Mahdi
21 Hasan around that particular issue.

22 Q. Did you have any discussion
23 of this email with Ms. Lovelock?

24 A. No, I did not.

25 Q. How about with Mr.

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2 Minderhoud?

3 A. I did not discuss with Mr.
4 Minderhoud the issue, when I talk
5 discuss, that means face-to-face
6 conversation.

7 Q. Well I don't want to limit
8 your discussions with him to
9 specifically face to face. I want to
10 talk a little broader. I want to know
11 whether you discussed the contents of
12 this email with Mr. Rothermund, Mr.
13 Parry, Mr. Inglis, Ms. Lovelock, Mr.
14 Minderhoud in any way, shape or form,
15 whether that be a written discussion
16 about the subject contained in this
17 first email, on the telephone, by fax,

18 or by any other email, by any other
19 means that you can think of, I want to
20 know whether the contents of this email
21 was discussed with any of those
22 individuals?

23 A. I do not recall.

24 Q. As you sit here today, is
25 your understanding of what Mr.

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1 MATTHIAS BICHSEL
2 Rothermund is attempting to convey in
3 this email any different than your
4 understanding back on September 18th,
5 2000?

6 A. Could you repeat the
7 question.

8 Q. Do you have a different
9 understanding -- is your understanding
10 now as you review this document again
11 sitting here today, do you have a
12 different reading or understanding of
13 this email than you did back when you
14 originally read it in September of --
15 on September 18th of 2000?

16 A. No, I do not.

17 Q. Do you have any recollection
18 of whether or not any action was taken
19 as a result of your having seen this
20 email? Did you do anything in response
21 to having seen this email?

22 A. I discussed with Mr. Mahdi
23 Hasan the applicability or otherwise of
24 the Min-DVA concept for the development
25 of Block 18 in Angola.

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1 MATTHIAS BICHSEL
2 MR. ARANOFF: Bichsel 4.
3 (Bichsel Exhibit 4 for
4 identification, Bates stamped SMJ
5 00038662 through SMJ 00038663.)

6 Q. Mr. Bichsel, the court
7 reporter has just handed you what's
8 been marked as Bichsel 4 for purposes

9 of identification. It's a document, a
10 string of emails again, two pages in
11 length bearing the Bates number or
12 Bates legend SMJ 00038662 and ending at
13 SMJ 00038663. It bears a confidential
14 stamp. I'd like you to take a look at
15 it and when you're done look up and I'd
16 like to ask you a question.

17 Have you had an opportunity
18 to look at this, Mr. Bichsel?

19 A. Yes, I have.

20 Q. And this is Bichsel -- which
21 has been marked Bichsel 4 for purposes
22 of identification, is an email
23 purportedly from Grigore Simon to
24 Robert Inglis sent on October 30th of
25 2000, received on the same date. It's

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1 MATTHIAS BICHSEL
2 a forward of an Angola reserves LE 3QOO
3 is the subject matter. First, have you
4 seen this email before, Mr. Bichsel?

5 A. No, I have not.

6 Q. When you say no, you have
7 not, did you see this email in
8 preparation for your deposition today?

9 MS. ASHTON: I'm going to
10 object to that. It's work product what
11 he was shown at his deposition.

12 MR. ARANOFF: I'm not saying
13 that he has to divulge where he saw it,
14 I just want to know if he saw it in
15 preparation.

16 Q. Did you review this in
17 preparation for your testimony today?

18 A. I do not recall seeing an
19 email that started with three words
20 "Bichsel under pressure."

21 Q. You said you've had an
22 opportunity to review this document; is
23 that correct?

24 A. I had, yes.

25 Q. Okay. Do you have an

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2 understanding of what this document is
3 talking about, what these emails are
4 referencing?

5 A. The email references the
6 situation on the latest estimate as
7 reported on a quarterly basis to
8 business committee at the time, as to
9 the situation of the likely reserves
10 figures that could be booked by the end
11 of the year.

12 Q. Do you know a gentleman by
13 the name of Grigore Simon?

14 A. Yes, I do.

15 Q. Do you know a gentleman by
16 the name of Robert Inglis?

17 A. Yes, I do.

18 Q. Who is Mr. Grigore Simon?

19 A. Grigore Simon was the asset
20 manager of the Block 18 at the time.

21 Q. When you say at the time,
22 what time would you specifically be
23 referring to?

24 A. In 2000.

25 Q. And who was Mr. Inglis in

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1 MATTHIAS BICHSEL

2 that same time period?

3 A. Mr. Inglis was the manager
4 for Shell Development Angola.

5 Q. Do you have an understanding
6 -- well, withdrawn.

7 Do you see the first email
8 in the -- well, it should be the last
9 email in the string but it's sent from
10 Mr. Simon to Mr. Inglis. It says three
11 words, "Bichsel under pressure!" Do
12 you see that?

13 A. Yes.

14 Q. Do you have an understanding
15 why Mr. Simon would send an email to
16 Mr. Inglis in which he says "Bichsel

17 under pressure"?

18 A. I do not know what that
19 means.

20 Q. Is there anybody else at
21 Shell that -- with the same last name,
22 surname as you have?

23 A. I do not know.

24 Q. Is it fair to say that the
25 Bichsel being referred to in this email
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1 MATTHIAS BICHSEL
2 is probably you?

3 A. I would say that's fair to
4 say.

5 Q. And do you have any reason
6 to believe -- withdrawn.

7 Do you have any
8 understanding as to why Mr. Simon would
9 refer to you as being under pressure at
10 this time period?

11 MS. ASHTON: If you know.

12 A. I -- I would have to
13 speculate. I don't.

14 Q. Well as you sit here now, do
15 you have an understanding as you look
16 back into the year 2000 as to why
17 someone at Shell would think that you
18 were under pressure in 2000 with
19 respect to Angola reserves?

20 MS. ASHTON: Objection. If
21 you have -- if you know the answer you
22 may answer.

23 A. I do not want to speculate.
24 I would -- mere speculation.

25 Q. Okay.

0259

1 MATTHIAS BICHSEL

2 MR. ARANOFF: Bichsel 5.

3 (Bichsel Exhibit 5 for
4 identification, Bates stamped WCK
5 00010051 through WCK 00010052.)

6 Q. Mr. Bichsel, the court
7 reporter has been kind enough to hand

8 you Bichsel 5 for purposes of
9 identification. It's a two-page
10 document bearing a confidential legend
11 and the Bates range W like William, C
12 like cat, K like king 00010051 through
13 WCK 00010052. Again, it's a string of
14 emails. I'd ask that you take a look
15 at it, take as much time as you need,
16 look up when you've completed, I'd like
17 to ask you some questions.

18 A. I will do, thanks.

19 MR. FERRARA: Have you
20 finished?

21 THE WITNESS: I have
22 finished. He told me I have to look,
23 so I looked.

24 Q. I'm doing it for your
25 benefit, not for mine, so.

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1 MATTHIAS BICHSEL

2 A. Thank you very much.

3 Q. Okay. This is a --

4 A. Most appreciated.

5 Q. What's that?

6 A. It's appreciated. I
7 understand.

8 Q. This is again a string of
9 emails. I'd like to focus your
10 attention to the second email on the
11 first page. It's an email from Heinz
12 Rothermund sent on October 29th, 2000,
13 to you. It appears that there's a cc
14 to Remco Aalbers, Susan Lovelock,
15 Martin Minderhoud, although that's
16 partially obstructed, Gordon Parry,
17 Grigore Simon, Tim Warren and the
18 subject is Angola reserves LE 3QOO.
19 And the email reads, "Matthias, below
20 please find a good summary by Sue
21 Lovelock and Remco Aalbers on the
22 reserve situation in Angola." Actually
23 it says Amgola but I'm going to assume
24 that's a typographical mistake. "As

25 mentioned to you on earlier occasions,

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1 MATTHIAS BICHSEL

2 there is a critical need for EP to be
3 in a position to book these reserves in
4 2000. SDS plays a key role in this.
5 Grateful you keep very close to this.
6 Regards, Heinz." Do you see where I
7 read, Mr. Bichsel?

8 A. Yes.

9 Q. Did I read that correctly
10 including the typographical error in
11 the word Angola?

12 A. You did, thanks.

13 Q. First I'd like to ask you,
14 the first clause of the second sentence
15 says, "As mentioned to you on earlier
16 occasions." Do you see that?

17 A. Yes.

18 Q. Do you have an understanding
19 as to what Mr. Rothermund meant in his
20 email to you in which he says "As
21 mentioned to you on earlier occasions"?

22 A. Yes.

23 Q. What does he mean by that?

24 A. In this particular case he
25 means that as part of the Deepwater

0262

1 MATTHIAS BICHSEL

2 Steering Council, the issue of booking
3 reserves and tracking the reserves
4 booking for deepwater, that's referred
5 to this. That's where this was
6 mentioned.

7 Q. You just mentioned the
8 Deepwater Steering Council. What is
9 the Deepwater Steering Council?

10 A. In 1999 Shell EP decided to
11 look -- you have to bring that into the
12 context of the oil price collapse in
13 1998 when the oil price dropped to \$10
14 in February 1999. Shell had a number
15 of deepwater developments in, mainly in

16 the Gulf of Mexico, but some fledgling
17 developments in other parts of the
18 world, and Shell then decided to look
19 at the deepwater part of the total EP
20 portfolio on a separate, in a separate
21 basis, and a particular body was formed
22 which was called the Deepwater Steering
23 Council that looked through that part
24 of the EP portfolio on deepwater and
25 they would effectively steer the

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1 MATTHIAS BICHSEL
2 elements of deepwater as they were
3 conducted by the operating unit around
4 the world, in terms of priority
5 setting, in terms of resource
6 allocation, for instance, the resources
7 that SDS had in terms of the priorities
8 where they should be allocated to
9 provide services to operating units.

10 Q. Where was the Shell
11 Deepwater Council located?

12 A. The Shell Deepwater Council
13 is, Deepwater Steering Council is a
14 virtual body.

15 Q. Were there people that
16 actually served on the Shell Deepwater
17 Council? I know you said it's a
18 virtual, it's a virtual entity, but my
19 question is were there people that were
20 specifically involved in this council
21 or was it -- or not?

22 A. Yes. There was the -- this
23 council was a subset effectively of the
24 business committee of EP, and people
25 were appointed to serve on that

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1 MATTHIAS BICHSEL
2 council.

3 Q. Do you have an understanding
4 as you sit here today as the names of
5 some of the individuals that served on
6 that council?

7 A. At that time, these would
8 have been Mr. Brass, who was the
9 chairman of the counsel.

10 Q. That's Lorin Brass?

11 A. Mr. Lorin Brass. Mr. Tim
12 Warren, Mr. Heinz Rothermund. That's
13 the names that I recall.

14 Q. Just so that we're clear,
15 did you ever serve on the deepwater
16 council?

17 A. I was not a member of the
18 council, but I was invited to council
19 meetings.

20 Q. Were there any -- I'm sorry.
21 Was anybody else other than yourself
22 not a member of the council but invited
23 to attend meetings?

24 A. Yes. Ms. Fran Lohr.

25 Q. Could you spell her last

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1 MATTHIAS BICHSEL

2 name, please.

3 A. L-o-h-r.

4 Q. And who was Ms Lohr?

5 A. Ms. Lohr was working at that
6 at that time as the business development
7 manager for deepwater, and she was part
8 of the business development organization.

9 Q. I think you said this before
10 and I apologize if I'm repeating it, but
11 this came into, this virtual council came
12 into being in 1998, is that what you
13 said?

14 A. No, in 1999, after the oil
15 price drop of 1998.

16 Q. Is that, is the deepwater
17 council still operational today?

18 A. No, it is not.

19 Q. When did it cease to exist?

20 A. That ceased to exist about
21 -- about a year ago.

22 Q. Do you have an understanding
23 as to why that council was abolished?

24 A. That was superseded by
25 another forum.

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1 MATTHIAS BICHSEL

2 Q. I didn't hear you.

3 A. That was superseded by
4 another forum.

5 Q. What was the other forum
6 called that took over for --

7 A. It's called the Growth
8 Leadership Forum.

9 Q. And is the Growth Leadership
10 Forum also a virtual forum or is that
11 an actual three dimensional, live body?

12 A. The Growth Leadership Forum
13 is a subset of the current EP
14 leadership team. The Growth Leadership
15 Forum was established in 2005. The
16 Growth Leadership Forum is headed by
17 Mr. Malcolm Brinded. The members of
18 the forum were at the beginning the
19 heads of exploration that I was, the
20 new business development director, Mr.
21 Guy Outen, Simon Henry, the chief
22 financial officer, and Michiel Kool who
23 is in charge of strategy and planning
24 for EP. That Growth Leadership Forum
25 meets on about a six weekly basis to

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1 MATTHIAS BICHSEL

2 look at the growth opportunities, the
3 business development opportunities
4 pertaining to growth of the EP business
5 and steer activities around that.

6 Within that forum, we have a
7 number of themes of which deepwater is
8 such a theme.

9 Q. Did the Growth Leadership
10 Forum which met, and I just want to
11 make clear, it meets six times a year
12 for one week, is that what you said,
13 six weekly?

14 A. No, it meets every six

15 weeks.

16 Q. Oh, I'm sorry, okay. It
17 meets every six weeks.

18 A. And the meeting is between
19 three and five hours.

20 Q. Does this Growth Leadership
21 Forum have any interaction whatsoever
22 with any of Shell's operating units?

23 A. No.

24 Q. Does it have an office?

25 A. No.

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1 MATTHIAS BICHSEL

2 Q. When you go to these
3 meetings involving the Growth
4 Leadership Forum, where are these
5 meetings traditionally held?

6 A. In Rijswijk, or The Hague.

7 Q. Is there any specific reason
8 why the meetings occur in Rijswijk or
9 The Hague as opposed to anyplace else?

10 A. Well that's where we have
11 our offices, that's Mr. Brinded has an
12 office in The Hague and in Rijswijk. I
13 personally have an office in Rijswijk.
14 So do have my colleagues.

15 Q. So I want to get back to
16 what I think has been marked as Bichsel
17 5 for purposes of identification, and I
18 think you were either in the middle of
19 or you may have completed your
20 discussion as to what was meant by "as
21 mentioned to you on earlier occasions."
22 Can you just briefly for contextual
23 purposes explain to me once again what
24 you meant by "as mentioned to you on
25 earlier occasions."

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1 MATTHIAS BICHSEL

2 MS. ASHTON: Asked and
3 answered at length, but if you can give
4 a quick summary.

5 Q. You can answer.

6 MS. ASHTON: You can answer

7 if you can give a quick summary of it.

8 A. At the Deepwater Steering
9 Council, which was headed by several
10 members of the business committee of EP
11 at the time, the issue of booking
12 reserves, the issue of meeting the
13 targets that we had in terms of
14 operational performance, production
15 performance, reserves, exploration
16 success, etcetera, etcetera, was
17 discussed.

18 And I was present at a
19 number of these meetings where I was
20 privy to these discussions that were
21 held.

22 Q. And then the second clause
23 of that second sentence says "There is
24 a critical need for EP to be in a
25 position to book these reserves in

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1 MATTHIAS BICHSEL

2 2000." Do you see where I'm reading
3 from, Mr. Bichsel?

4 A. Yes, I do.

5 Q. Do you have an understanding
6 of what was meant by that, the "critical
7 need for EP to be in a position to book
8 these reserves in 2000"?

9 A. I can only surmise what is
10 meant.

11 Q. Well, do you recall having
12 received this email?

13 A. Yes.

14 Q. Did you have an
15 understanding when you received this
16 email of what was meant by that second
17 clause of the second sentence?

18 A. That there is a critical
19 need for EP to book -- to be in a
20 position to book reserves in 2000 from
21 Angola.

22 Q. But do you have an

23 understanding as to why that is?

24 A. I don't recollect, no.

25 Q. When you received this

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1 MATTHIAS BICHSEL

2 email, did you call or in any way
3 contact Mr. Rothermund to obtain an
4 understanding of what was meant by that
5 clause of the second sentence of this
6 email?

7 A. I didn't need to do that.

8 Q. Why?

9 A. Because as I -- as I
10 explained at the Deepwater Steering
11 Council, the issue of meeting scorecard
12 targets, that included production,
13 exploration success and also reserves, is
14 something that we obviously were very
15 keen to do. The scorecard, after all,
16 determined the business performance and
17 ultimately the, you know, the health of
18 our company, of EP I should say. Not the
19 company, of EP in this particular case.

20 All elements that on the
21 scorecard are critical to be met. Now,
22 in particular, that particular email
23 obviously referred to the reserves.

24 But within the context of the
25 discussions that I had and I was privy

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1 MATTHIAS BICHSEL

2 to attending the deepwater council, it
3 was clear to me that this was one
4 element that Mr. Rothermund here is
5 addressing.

6 Q. If you look at the next
7 sentence it says "SDS plays a key role
8 in this." Do you see that?

9 A. Yes, I do.

10 Q. Do you have an understanding
11 of what Mr. Rothermund meant when he
12 said SDS plays a key role in this?

13 A. Yes, I do.

14 Q. What was your understanding
15 what Mr. Rothermund meant when he said
16 "SDS plays a key role in this"?

17 A. SDS had a CTR arrangement
18 with SDAN, Shell Development Angola, to
19 provide services to determine the
20 volumetric ranges in terms of volumes,
21 hydrocarbon volumes, oil and gas in
22 place, volumes as to the scope for
23 recovery, as well as expectation
24 reserves and the range of these
25 expectation reserves to enable Shell

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1 MATTHIAS BICHSEL

2 Development Angola to decide what and
3 if any reserves can be booked.

4 Shell Angola have no
5 technical staff on their -- in their --
6 on their payroll to do that.

7 Q. And when you say grateful --
8 when Mr. Rothermund says "Grateful you
9 keep very close to this," do you have
10 an understanding of what was meant by
11 that?

12 A. I understood at the time
13 that there were issues in terms of the
14 development concept to develop the
15 cluster in Angola. Within the EP
16 business there are always various
17 different ways in how you can develop
18 particular oil field and oil gas field.
19 In the gas of Angola, there was not a
20 single oil field, there were actually
21 six, or five discoveries by that time
22 made that were geographically or area
23 distributed. There are different ways
24 you can either link them together in a
25 subsea way so you're effectively

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1 MATTHIAS BICHSEL

2 drilling wells and you have pipelines
3 on the sea floor and then you bring
4 that to a platform somewhere anchored,

5 or you can actually have several
6 platforms, the Min-DVA concept, to
7 allow you then to produce that.

8 So there are various
9 development concepts, and the issue
10 there, which one would be from a
11 commercial point of view the best, that
12 was our task that we had to do as Shell
13 Deepwater Services to advise Shell
14 Development Angola in their interaction
15 with BP that had their -- that came up
16 with their own development concept
17 that, however, we found was suboptimum.

18 Q. Again, I just want to go
19 back to the second clause of the second
20 sentence where you say there is a
21 critical need -- where Mr. Rothermund
22 says "There is a critical need for EP
23 to be in a position to book these
24 reserves in 2000." Do you have a
25 recollection if EP was not meeting its

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1 MATTHIAS BICHSEL

2 reserve targets in scorecards in 2000?

3 A. I was not privy to the EP
4 scorecards in my position as director
5 of Shell Deepwater Services in 2000.

6 Q. Do you know who was in a
7 position to know that information?

8 A. The folks on the business
9 committee of which Heinz Rothermund was
10 one of them.

11 Q. You can put that document
12 away.

13 MR. ARANOFF: Bichsel 6.

14 (Bichsel Exhibit 6 for
15 identification, Bates stamped SMJ
16 00035959 through SMJ 00035962.)

17 Q. Mr. Bichsel, the court
18 reporter has been kind enough to
19 present you with what's been marked
20 Bichsel 6 for purposes of
21 identification. It's a document with a

22 confidential legend. It is four pages
23 in length. It bears the Bates numbers
24 SMJ 00035959 through SMJ 00035962. I'd
25 ask that you take your time and review
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1 MATTHIAS BICHSEL

2 this document, look at me when you're
3 done, I'd like to ask you some
4 questions, please.

5 A. Yes, thanks. I have read
6 it. Thanks.

7 Q. Okay. I'd like to focus
8 your attention specifically on the last
9 email which is the first email in the
10 string. It will be the last email
11 starting on the page, the second to
12 last page, bearing the last three
13 digits 961 and going on to the next
14 page bearing the last three digits 962.
15 It's an email from you from November
16 22nd, 2000 to Heinz Rothermund with a
17 cc to Tim Warren, with a subject being
18 West Africa reserves 2000. Do you see
19 that?

20 A. Yes, I do.

21 Q. Okay. I'm not going to read
22 the whole email into the record, but
23 it's an email to Heinz Rothermund. I'd
24 like to focus your attention
25 specifically on the last page, the last
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1 MATTHIAS BICHSEL

2 two paragraphs. The first paragraph
3 reads, "I can assure you that I am
4 personally pushing and cajoling my
5 staff to get the most out of what is
6 possible. Contrary to what you have
7 heard, we are not 'covering our
8 backside' and are 'overly conservative'
9 but are exploring every avenue trying
10 to increase reserve bookings."

11 Do you see where I read
12 that, Mr. Bichsel?

13 A. Yes, I do.

14 Q. Did I read that correctly?

15 A. Yes, you did.

16 Q. Can you explain to me what

17 you meant in this email to Mr.

18 Rothermund in that paragraph that I

19 just read?

20 A. We had a CTR with Shell
21 Development Angola to determine the
22 best way of developing the hydrocarbon
23 volumes discovered in Block 18, both in
24 terms of the development concept, an
25 alternative concept to what BP was

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1 MATTHIAS BICHSEL

2 proposing. That concept was, in our
3 mind, economically and commercially not
4 sound.

5 And secondly, we were doing
6 the subsurface evaluation that is the
7 geology, the reservoir engineering, the
8 petrophysics of the properties in
9 question: As always, in geology in
10 particular, geology isn't a hard
11 science, geology has a lot of
12 interpretation rooms, it has a lot of
13 -- the seismic data you're using are
14 allowing nonunique solutions, so the
15 issue there is that you investigate a
16 number of avenues, a number of routes
17 that then come out with different
18 outcomes.

19 And depending on the
20 outcome, depending on the idea,
21 depending on the concept that one
22 chooses, that has different outcomes in
23 terms of the production profile over
24 the lifetime of field, that has a
25 different outcome in terms of the

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1 MATTHIAS BICHSEL

2 reserves booking profile over a period
3 of years. This may have a different

4 way in terms of the capital expenditure
5 phasing over a number of years as well
6 as the operating expenditures over a
7 number of years.

8 So they're different
9 concepts that you want to explore.

10 The feeling clearly was that
11 Shell Deepwater Services didn't quite
12 do what they perhaps hoped in Shell
13 Development Angola to really examine
14 all these different development concept
15 avenues, and that we were just using
16 one concept or two concepts, I can't
17 recall that, which indeed could have
18 been termed as being more conservative
19 than others. That's what I understand,
20 that's what my recollection is of when
21 I wrote that particular paragraph in
22 that email.

23 Q. In the first sentence of
24 that first paragraph on the last page
25 you say "I can assure you that I am

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1 MATTHIAS BICHSEL

2 personally pushing and cajoling my
3 staff to get the most out of what is
4 possible." What specifically did you
5 do to push and cajole your staff to get
6 the most out of what is possible?

7 A. What we find most often in
8 subsurface evaluation that technical
9 staff tend to be a bit blinkered. They
10 instead of really using a divergent
11 methodology to come up with different
12 ideas, you need to basically encourage
13 them, push them, cajole them, whatever
14 words you want to use, to basically
15 think out of the box, think wider than
16 normally. That's what I was saying and
17 that's what I was doing and that's what
18 I'm still doing.

19 Q. When you say "get the most
20 out of what is possible," what are you

21 referring to when you say "get the most
22 out of what is possible"?

23 A. In terms of the variety of
24 development concepts that one can apply
25 for the development of Block 18, as I
0281

1 MATTHIAS BICHSEL
2 just explained, there are different
3 ways -- ways to develop -- I won't bore
4 you here with the various development
5 concepts that would be applicable to a
6 case like Block 18. But suffice it to
7 say that the -- there's an opportunity
8 to use a semi-submersible rig. There
9 is an opportunity to use different
10 spars. There is the opportunity to use
11 a floating production and storage and
12 off-take platform. There is an
13 opportunity to use a tension leg
14 platform as in the Gulf of Mexico.
15 They all result in different cap ex
16 profiles, capital expenditure profiles,
17 in different profiles in terms of the
18 reserves bookings both from a scope
19 point of view, from an expectation
20 point of view, from proved undeveloped
21 and a proved developed point of view.

22 And getting most out of what
23 is possible is to use that divergent
24 thinking to arrive at opportunities
25 that allow us then to have a plethora
0282

1 MATTHIAS BICHSEL
2 of solutions available to Shell Angola
3 in their interaction with BP and
4 basically saying this is a better
5 concept or these two could be better
6 concepts than what BP has chosen.

7 Q. And then you say "Contrary
8 to what you have heard," I assume what
9 you mean by what you have heard: Is
10 what Mr. Rothermund has heard; is that
11 accurate?

12 A. By you I mean Mr.

13 Rothermund.

14 Q. And when you're speaking,
15 when you're writing about what he had
16 heard, what are you referencing in
17 particular? What conversations are you
18 specifically referencing about what he
19 had heard?

20 A. I was made aware that Shell
21 Development Angola staff, in particular
22 Mr. Grigore, Mr. Grigore Simon, I never
23 get that right, sorry, indicated to
24 people like Martijn Minderhoud and
25 Gordon Parry, who were business advisors

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1 MATTHIAS BICHSEL

2 working for Mr. Rothermund, because of
3 the reluctance we had to consider the
4 Min-DVA concept, you know, that he
5 basically felt we were not doing our job
6 properly.

7 Q. When you reference in
8 quotes, "covering our backside" and
9 "are overly conservative," first, why
10 did you -- why did you opt to put those
11 two phrases in quotes?

12 A. I do not recall why I did
13 that.

14 Q. What did you mean by
15 "covering our backside" and "are overly
16 conservative"?

17 A. By covering our backside I
18 meant that we would go for the -- for a
19 single concept without pushing the
20 envelope of possibilities. So to use
21 -- in deepwater developments you can go
22 for existing technologies. They
23 usually that means the existing
24 technologies, they work, you know what
25 the costs are. But you can also use

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1 MATTHIAS BICHSEL

2 new technologies, technologies that

3 perhaps are untested. And quite often
4 in the EP business there's always a
5 tradeoff to be made between being --
6 you know, taking a risky development
7 that allows you however to be cheaper,
8 to get more out of the ground, but it
9 may not work the way you exactly
10 predict, or to go for the tried and
11 tested methodology which however then
12 generally results in somewhat more
13 expensive developments that also lead
14 to lesser recovery of hydrocarbons.

15 Q. And in the last part of that
16 first paragraph you say "But are
17 exploring every avenue to trying to
18 increase reserve bookings." What
19 avenue specifically were you exploring
20 to increase reserve bookings?

21 A. The term reserves bookings
22 refers to the totality of hydrocarbon
23 volumes. This is not restricted to
24 proved reserving. We were working in
25 determining the volumes, in terms of

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1 MATTHIAS BICHSEL
2 scope, expectation, volumes, etcetera,
3 as I explained before.

4 And again, as I explained
5 before, depending on the development
6 concept that one can deploy in a
7 particular setting such as Angola,
8 there is -- when you look you can put
9 these in a matrix. You can take three
10 or four different types of
11 developments. You put them in a
12 matrix. And you can say this
13 particular development is the cheapest,
14 but at the same time it doesn't give me
15 as many resources that I can move
16 through the maturation funnel. I can
17 use another concept that perhaps uses a
18 new technology, may be costing more
19 money but it allows you actually to

20 lower your operating costs.

21 You use a different, a third
22 concept that allows you to use again
23 new technology, however, that optimizes
24 the resources that you recover over the
25 lifetime of a field which obviously

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1 MATTHIAS BICHSEL

2 then can be booked as reserves.

3 So depending on the drivers
4 that you have prevailing at that
5 particular time, you can choose
6 different concepts. If you're more
7 worried about costs, you probably would
8 go for a cheaper concept, at the same
9 time realizing that in terms of the
10 resources that you -- that you can
11 extract from the subsurface, that would
12 be -- will be more limited.

13 If you however want to
14 recover more of the resources you would
15 choose a different concept. That's
16 what I meant by that.

17 Q. If you look at the next
18 paragraph in your email it reads, "The
19 current total reserves booking
20 potential is on a P50 basis, 195 to 315
21 MMB and on a P85 (proved) basis 130 to
22 190 MMB. I have asked for another set
23 of eyes of reservoir engineering
24 expertise from SEPTAR and SEPCO to
25 ensure that we are not missing anything

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1 MATTHIAS BICHSEL

2 and literally leave no stone unturned
3 at our next peer review session.

4 Regards, Matthias." Did I read that
5 paragraph correctly, Mr. Bichsel?

6 A. Yes, you did.

7 Q. What did you mean by that
8 paragraph?

9 A. I meant by that paragraph
10 that Mr. Rothermund was informed by

11 Mrs. Lovelock on figures that were
12 different to the figures that I
13 understood on an expectation reserves
14 basis which refer to the P50, as
15 opposed to what the proved basis which
16 at the time we used as a P85 was which
17 was significantly lower than the
18 figures that you see there.

19 So that is an explanation to
20 make sure that Mr. Rothermund
21 understands that.

22 However, I appreciated from
23 earlier conversations the issue that,
24 you know, the issue around the reserves
25 bookings for EP, so I suggested that we

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1 MATTHIAS BICHSEL
2 would use people from SEPCO who after
3 all have a lot of experience in
4 deepwater development and deepwater
5 reservoir engineering as well as the
6 researchers who were looking at these
7 turbidite reservoirs which I mentioned
8 earlier, to truly ensure that the
9 models that we were using are in line
10 with the latest thinking that is out
11 there in the Shell world.

12 Q. Was this an example of a --
13 of a time when SDS worked cooperatively
14 with SEPTAR?

15 MS. ASHTON: Objection to
16 the form.

17 Q. I'm referring specifically
18 to the last sentence of your email. It
19 says "I have asked for another set of
20 eyes of reservoir engineering expertise
21 from SEPTAR and SEPCO." Do you see
22 where I'm reading?

23 A. Yes, I do.

24 Q. I'm asking whether there was
25 a joint effort or joint work performed

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1 MATTHIAS BICHSEL

2 by SDS which is where you were at the
3 time with SEPTAR and SEPCO?

4 MS. ASHTON: Objection to
5 form.

6 A. We in this particular
7 instance asked SEPTAR to provide a
8 service and SEPCO to provide a service
9 to SDS within the arrangements that we
10 had that with SEPTAR would be done
11 under a CTR arrangement, we would have
12 to pay for these services from them. I
13 cannot recall what the arrangement was
14 for payment for SEPCO for that
15 particular service.

16 Q. Were there meetings and
17 interactions between SEPTAR and SDS
18 with respect to this?

19 A. I do not recall.

20 Q. Was there communication
21 between SEPTAR and SDS with respect to
22 this project?

23 A. I do not recall that.

24 Q. What did you mean in the
25 last, second to last line where it says

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1 MATTHIAS BICHSEL

2 "To ensure that we are not missing
3 anything and literally leave no stone
4 unturned at our next peer review
5 session" what did you mean by the
6 phrase "leave no stone unturned"?

7 A. This refers back to my
8 phraseology which I used before about the
9 divergent thinking. I wanted to make
10 sure that indeed if there are development
11 concepts, development opportunities that
12 would allow to optimize the reserves
13 maturation as opposed to optimizing on
14 cap ex, capital expenditure, or
15 optimizing on the -- on the production
16 costs during the lifetime, so that we
17 really used that, and again using some
18 engineering expertise from SEPCO who has

19 gone through that particular issue in
20 trying through their development concepts
21 that they had, they had a -- they had a
22 set of experts that we called urban
23 development planners. So they basically
24 could optimize how to, within the Gulf of
25 Mexico, how to develop a particular set

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1 MATTHIAS BICHSEL

2 of hydrocarbon discoveries in the -- in
3 the most optimal way. And as I
4 explained, optimal doesn't necessarily
5 mean one dimension, it is a very
6 multidimensional issue, it is around
7 costs, it's around production, it's
8 around capital expenditure, it's around
9 reserves maturation.

10 Q. Okay.

11 MR. ARANOFF: Bichsel 7.

12 (Bichsel Exhibit 7 for
13 identification, Bates stamped SMJ
14 00038852 through SMJ 00038854.)

15 Q. Mr. Bichsel, the court
16 reporter has just handed you what's
17 been marked Bichsel 7 for purposes of
18 identification. It's a document
19 bearing a confidential legend. It's
20 three pages in length. It has the
21 Bates range SMJ 00038852 and continues
22 through SMJ 00038854. I'd ask that you
23 take a look at it. I'd like to ask you
24 some questions after you've had ample
25 time to review it.

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2 A. Yes. I've read it. Thanks.

3 Q. Okay. This is another
4 string email. I'd like you to pay
5 attention specifically to the second
6 email on the first page. This is a
7 document the top of which is from Barry
8 Knight to Chandler Wilhelm and Ian
9 Hines. The date it was sent is

10 November 28th, 2000. It was received
11 on the same day. And the subject line
12 is a forward of West Africa reserves
13 2000.

14 As I said, I wanted to
15 direct your attention, Mr. Bichsel, to
16 the second email on the first page.
17 That's an email from you to Richard
18 Sears, Barry Knight, dated Monday,
19 November 7th, 2000. Again the subject
20 is a forward of West Africa reserves
21 2000. Do you see where I'm reading,
22 Mr. Bichsel?

23 A. Yes, I do.

24 Q. You'll see that this is a
25 one-paragraph email from you to the

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2 individuals I've just mentioned, that
3 it reads, "Gently, clearly a reprimand
4 from Heinz. Not quite clear how I
5 deserve that as if we reported MSV
6 figures to him in the first place. We
7 need to keep working on guys like
8 Grigore, et al. They seem to be
9 dropping us in it whenever they have a
10 chance." And it's electronically
11 signed Matthias. Do you see that, Mr.
12 Bichsel?

13 A. Yes, I do.

14 Q. Do you have an understanding
15 what you meant when you sent this email
16 to Mr. Sears and Mr. Knight?

17 A. Yes, I do.

18 Q. What was your understanding
19 and what did you mean when you conveyed
20 this email to them?

21 A. It refers to the string of
22 emails below that where I indicated to
23 Mr. Rothermund responding to an email
24 dated on the 29th of October, about
25 reserves bookings and reserves

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1 MATTHIAS BICHSEL

2 maturations in Angola, about quoted
3 figures, which were figures which were
4 used by Ms. Lovelock in the third
5 quarter latest estimates, that they
6 were not correct, and that they
7 represent indeed volumes, scope for
8 recovery volumes as opposed to proved
9 reserves volumes.

10 So I tried to explain that
11 to Mr. Rothermund in terms of the email
12 on the second page, 53 last two digits,
13 in terms of the volumes quoted
14 pre-drill, volumes quoted for whole
15 structures as opposed to expectation
16 reserves, etcetera, etcetera.

17 And Mr. Rothermund
18 clearly -- you have to know that I'm an
19 exploration professional by background,
20 Mr. Rothermund is not, and he obviously
21 got a little bit impatient which was he
22 felt by explorers, you know, muddying
23 the water by using terms like mean
24 success volumes, MSV, scope for
25 recovery volumes, expectation reserves

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1 MATTHIAS BICHSEL

2 without being absolutely clear what is
3 meant.

4 So that's -- so obviously I
5 felt to be reprimanded by Mr.
6 Rothermund, what I said is that it
7 wasn't clear to me because -- why he
8 would do that because it was crystal
9 clear to me what the various levels of
10 resource figures were quoted, like, for
11 instance, the mean success volumes.
12 And at the same time, and I referred to
13 that earlier, that Mr. Grigore and from
14 Shell Development Angola, they
15 basically were indicating to Mr.
16 Minderhoud, Mr. Parry to, I know that
17 for a fact, I don't know whether Mr.

18 Grigore talked to Mr. Rothermund, about
19 the fact that Shell Deepwater Services
20 isn't providing a service as quite of
21 the quality that he would expect.

22 Q. Who was Mr. Rothermund at
23 this time? When I say at this time,
24 I'm referring specifically to November
25 27th, 2000, on or about. Who was --

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1 MATTHIAS BICHSEL

2 what was his title at this point?

3 A. His -- I do not recall his
4 title exactly at that -- at that
5 moment. He was working in a governance
6 role with the oversight of the Africa
7 operating units and also for the South
8 American operating units that we had.
9 So he was effectively representing
10 Shell on boards of these legal entities
11 and vis-a-vis joint venture partners
12 and others.

13 Q. You weren't directly
14 reporting to Mr. Rothermund, were you?

15 A. No, I was not reporting to
16 Mr. Rothermund.

17 Q. Was he in a senior position
18 to you, or were you on the same level,
19 or were you -- or was he on a lower
20 level than you within the Shell
21 organization?

22 A. Mr. Rothermund was in a
23 senior position to me. My boss at the
24 time was a Mr. Tim Warren who was also
25 mentioned in an earlier email that you

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1 MATTHIAS BICHSEL

2 showed me. Mr. Tim Warren and Mr.
3 Rothermund they were colleagues
4 effectively at the business committee
5 at the time.

6 Q. Was it commonplace for
7 Mr. -- for Mr. Rothermund to reprimand
8 you, the kind of which he did in this

9 email?

10 A. I wouldn't use the word
11 commonplace, no.

12 Q. Did it occur from time to
13 time?

14 A. It occurred at least one
15 other time, yes.

16 Q. And what were the
17 circumstances around that reprimand?

18 A. That was at the very
19 beginning of when Shell Deepwater
20 Services was formed, Mr. Rothermund did
21 not agree totally with the structure
22 and the setup of Shell Deepwater
23 Services and he let me know that.

24 Q. What was it specifically
25 that he objected to with respect to the

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1 MATTHIAS BICHSEL
2 structure of Shell Deepwater Services?

3 A. In Mr. Rothermund's
4 experience as a project engineer, you
5 had a fully staffed project team to
6 execute projects. However, in the Gulf
7 of Mexico, the model that we used was
8 one of a matrix organization where the
9 project manager of a particular
10 deepwater project that I also mentioned
11 earlier today, had effectively a small
12 staff and resourced the team depending
13 on the phase of where they are in the
14 project with the different expertises
15 from a skill pool.

16 I continued, because I felt
17 that is effectively an appropriate way
18 to run Shell Deepwater Services, I
19 continued with that model as it was
20 practiced by Shell Deepwater
21 Development Services at the time, as I
22 inherited it, whereas Mr. Rothermund
23 felt that is not appropriate and in his
24 experience as a projects engineer
25 that's the wrong model.

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1 MATTHIAS BICHSEL

2 Q. What is Mr. Rothermund's
3 position within the Shell company
4 today?

5 A. Retired.

6 Q. Do you have any personal
7 relationship with Mr. Rothermund at
8 this point?

9 A. No, I do not.

10 Q. Do you have any reason to
11 interact with Mr. Rothermund on a
12 business perspective at this point?

13 A. No, I do not, and I do not.

14 MS. ASHTON: Ron, we've been
15 going a bit more than an hour, I don't
16 know your timetable.

17 MR. ARANOFF: I'm going to
18 do one more document and with your
19 permission take a break of five or
20 seven minutes and one more segment
21 we're done. I know you need to leave,
22 Mr. Bichsel, by 6 o'clock, is that
23 accurate, so I'm going to do my very
24 best to get you out of here before
25 that.

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2 THE WITNESS: Thank you very
3 much.

4 MR. ARANOFF: You're
5 welcome. Bichsel Exhibit 8.

6 (Bichsel Exhibit 8 for
7 identification, Bates stamped SMJ
8 00029692 through SMJ 00029694.)

9 Q. Mr. Bichsel, the court
10 reporter has handed you what's been
11 marked as Bichsel 8 for purposes of
12 identification. It's a three-page
13 document. Again, it's an email string.
14 It bears a confidential legend on each
15 page. And it's Bates marked SMJ
16 00029692 and continues sequentially to

17 SMJ 00029694. I'd like you to take an
18 ample opportunity to review it, look up
19 when you're done, and I'd like to ask
20 you some questions, please.

21 Mr. Bichsel, have you had an
22 opportunity to review what I've just
23 put before you as Bichsel 8 for
24 purposes of identification?

25 A. I had the opportunity to

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1 MATTHIAS BICHSEL

2 review, yes.

3 Q. Good. This is a three-page
4 document. I'd like to focus your
5 attention specifically on the first
6 email on the first page. It's an email
7 purportedly from Chris Varley to
8 Richard Sears. It ccs you and Barry
9 Knight, and it also ccs Chris Varley.
10 It was sent on January 23rd, 2002,
11 received on that same date. And the
12 subject is again a forward of Bonga
13 Rev. 5 proved reserves edition. Do you
14 see that, Mr. Bichsel?

15 A. Yes, I do.

16 Q. If you look at the email I
17 want to focus your attention specifically
18 on the last paragraph where it says,
19 "De-booking reserves at Bonga is not only
20 incorrect but sends all the wrong
21 messages." As you sit here today, Mr.
22 Bichsel, do you recall having received
23 this email?

24 A. No, I don't recall that.

25 Q. Is it fair to say though

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1 MATTHIAS BICHSEL

2 that since you've been cc'd on the
3 email that at some point in time,
4 probably on January 23rd, 2002, you
5 received this email?

6 A. That's fair to assume.

7 Q. Okay. And do you have an

8 understanding as to what Mr. Varley
9 meant when he wrote that de-booking
10 reserves at Bonga is not only
11 incorrect, but sends all the wrong
12 messages?

13 A. No, I do not.

14 Q. Did you ever -- withdrawn.

15 Do you know who Mr. Varley is?

16 A. I do, yes.

17 Q. Am I correct when I say that
18 Mr. Varley was one of your team members
19 at SDS?

20 A. It is correct to say that
21 Mr. Varley was working for Shell
22 Deepwater Services.

23 Q. And even more specifically,
24 is it correct to say that Mr. Varley
25 was assigned to the SNEPCO team?

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2 A. That is correct, yes.

3 Q. Okay. And is it fair to say
4 that you had reason from time to time
5 to interact with Mr. Varley?

6 A. That's correct.

7 Q. And when you received this
8 email, is it fair to say that you read
9 it on or about January 23rd, 2002?

10 MS. ASHTON: Objection.

11 A. I do not recall that I read
12 it.

13 Q. Do you recall having
14 discussed with Mr. Varley the last line
15 in this email about de-booking reserves
16 at Bonga?

17 A. I did not discuss that with
18 Mr. Varley.

19 Q. How about with Mr. Sears, do
20 you recall having discussed this or
21 this topic with Mr. Sears?

22 A. I do recall that I had
23 discussions with Mr. Sears about the
24 work that Shell Deepwater Services was

25 providing for SNEPCO around Bonga

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2 revision 5, but I do not recall the
3 particular issue that we discussed.

4 Q. Okay. Do you recall having
5 discussed this at all with Mr. Knight?

6 A. I did not discuss that with
7 Mr. Knight.

8 Q. As you sit here today, do
9 you have an understanding of what Mr.
10 Varley meant when he wrote "De-Booking
11 reserves at Bonga is not only
12 incorrect, but sends all the wrong
13 messages"?

14 A. I do not know what he means
15 by that.

16 MR. ARANOFF: We'll take a
17 five to seven minute break.

18 THE VIDEO OPERATOR: We'll
19 go off the record at 4:50, this is the
20 end of tape 3.

21 (A recess was taken.)

22 THE VIDEO OPERATOR: It's
23 5:02, this is tape number 4, we're on
24 the record.

25 Q. Okay, Mr. Bichsel, I want to

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1 MATTHIAS BICHSEL

2 move forward to your role on ExCom. I
3 think we talked a little bit before about
4 that role and I just want to briefly make
5 sure I understand the dates. When did
6 you first get a position on ExCom?

7 A. On the 1st of March 2002.

8 Q. And prior to your arrival on
9 ExCom, did you attend ExCom meetings
10 and things of that nature?

11 A. No, I did not.

12 MR. ARANOFF: Bichsel 9.

13 (Bichsel Exhibit 9 for
14 identification, Bates stamped V
15 00230616 to V 00230629.)

16 Q. Mr. Bichsel, the court
17 reporter has just handed you what's been
18 marked as Bichsel 9 for purposes of
19 identification. It's a fairly lengthy
20 document. It bears two different Bates
21 stamps on the bottom. The bolder one is
22 VIJVER 0616 and the lighter one is V
23 00230616. We'll use the lighter Bates
24 stamps for purposes of identification,
25 and that ranges from, sequentially from V
0306

1 MATTHIAS BICHSEL
2 00230616 to V 00230629. I'd like you to
3 take a look at this document and when
4 you're done I'd like to ask you some
5 questions.

6 A. Yes.

7 Q. Are you all set, Mr.
8 Bichsel? You said yes?

9 A. I said yes.

10 Q. You're ready for me to ask
11 you some questions or are you going --

12 A. I'm ready to go through it.

13 Q. Oh, okay, I'm sorry, I
14 misunderstood.

15 MS. ASHTON: I think he's
16 saying yes, he's ready to go through
17 it.

18 Q. I'm sorry.

19 A. I'm not that fast a reader,
20 sorry. Ready.

21 Q. Okay, Mr. Bichsel, this is a
22 -- the top page of this document is an
23 email purportedly from Lorin Brass,
24 it's dated February 20th, 2002, sent to
25 a number of people. It appears to be
0307

1 MATTHIAS BICHSEL
2 all people that served on ExCom. Is
3 that accurate?

4 A. That's right.

5 Q. Okay. And the subject of
6 this email is "Note for information -

7 reserves - CMD February 2002." And
8 it's an email from Mr. Brass and it
9 attaches a rather lengthy document
10 which is entitled "Note for information
11 - CMD 11th February 2002 - EP
12 hydrocarbon resources update 1/2002."

13 Do you see that, Mr. Bichsel?

14 A. Yes, I do.

15 Q. Have you ever seen this
16 document before?

17 A. I cannot remember, no.

18 Q. Do you see that on the first
19 page of the email from Mr. Brass you
20 are one of the people who this email
21 was sent to purportedly attaching the
22 remaining documents that were attached
23 to Bichsel 8 for purposes of
24 identification?

25 A. Yes, I do see that.

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1 MATTHIAS BICHSEL

2 Q. And you don't have any
3 recollection of having seen this
4 document before?

5 A. I do not have a recollection
6 of having seen this particular
7 document. This is a document like many
8 documents that we got either as
9 pre-reading or as post-reading in the
10 wake of ExCom meetings. We used to get
11 a stack of papers like that every two
12 weeks or so. So that's all I can say.

13 Q. Do you have any recollection
14 of having discussed with your ExCom
15 colleagues the information contained in
16 this note for information that I've
17 presented to you just now?

18 A. I have no recollection of
19 that.

20 Q. And when you say that, are
21 you specifically referring to the
22 entire -- you've looked at the entire
23 document and you don't recall having

24 discussed any of this at all, either --
25 either when the note for information
0309

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2 was discussed in February of 2002 or
3 subsequent to that?

4 A. I -- I simply do not
5 remember this particular -- you asked
6 me specifically whether this particular
7 document I was part of a discussion,
8 and I do not remember.

9 Q. Okay. And now I'd like to
10 -- that's correct, that was my
11 question. Now I want to broaden it a
12 little bit. Do you recall having
13 discussed the information contained in
14 this at any point subsequent to
15 February 11th, 2002?

16 A. I do recall that in the
17 early parts of my stints on the EP
18 ExCom, that the issue of reserves and
19 hydrocarbon maturation was discussed at
20 ExCom meetings.

21 Q. Okay. And do you have an
22 understanding as you sit here today
23 about what in particular was discussed
24 with respect to that?

25 A. The discussion, there were

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1 MATTHIAS BICHSEL

2 various discussions. The discussion
3 was around the competitive performance.
4 The discussion was around the pace of
5 hydrocarbon maturation. The discussion
6 that pertained to me was in particular
7 the rate of discovery of new resource
8 volumes and then the maturation through
9 the maturation funnel of those. So
10 there were a number of topics that were
11 discussed.

12 Q. What specifically was
13 discussed with respect to competitive
14 performance?

15 A. The reserves replacement
16 ratio is a measure that can be
17 calculated from the annual reports and
18 every year analysts effectively do look
19 at what the reserves replacement ratio
20 is. And they draw, or try to draw
21 conclusions on the basis of that.

22 Q. Did you have -- I'm sorry.

23 A. In other words, obviously
24 the higher the replacement, reserves
25 replacement ratio is for a business,

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1 MATTHIAS BICHSEL

2 then on the face of it it seems that
3 this business is able to grow, whereas
4 if it is a lower number then the
5 question an analyst would ask, do they
6 have enough resources.

7 Q. Do you have an understanding
8 as you sit here today as to what the
9 reserve replacement ratio was in or
10 around February of 2002?

11 A. I cannot recall that except
12 reading it on that piece of paper that
13 you gave me.

14 Q. When you say the piece of
15 paper that I gave you you're specifically
16 referring to what's been marked as
17 Bichsel 8?

18 A. It's particularly --
19 particularly the first page, 617.

20 Q. Do you have any reason to
21 believe that the information contained
22 in here is anything but accurate?

23 A. I have no reason not to
24 believe so.

25 Q. And then you just mentioned

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1 MATTHIAS BICHSEL

2 a moment ago that the discussion was
3 also surfaced around the pace of carbon
4 maturation?

5 A. No, I said the pace of

6 hydrocarbon maturation.

7 Q. I'm sorry, I think I said
8 before Bichsel 8 and I think that's
9 Bichsel 9 and I apologize. So let's be
10 clear, the RRR, the reserve replacement
11 ratio that's contained in Bichsel
12 number 9, do you have any reason to
13 believe that that's not accurate?

14 A. No.

15 Q. You referenced before
16 hydrocarbon maturation. Do you recall
17 having said that?

18 A. Yes, I did.

19 Q. What did you discuss with
20 respect to hydrocarbon maturation?

21 A. The pace of the time between
22 the discovery of hydrocarbons through
23 the exploration effort to the sanction
24 date, to the first production is being
25 measured, that's another measure that

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1 MATTHIAS BICHSEL
2 is being used within industry that
3 determines effectively the efficiency
4 of the process, and again, the faster
5 that can be done, so the higher the net
6 present value is in particular of the
7 exploration expenditure.

8 In other words, if you wait
9 for too long, then what's the point in
10 exploring so early, why not wait for
11 the exploration. So that's one of the
12 reasons that we're looking at the
13 hydrocarbon maturation pace and that's
14 why you're discussing it. And in my
15 role as director of exploration, I
16 obviously was involved in the discovery
17 of the hydrocarbons, but also in the
18 pace of the early phase of the
19 hydrocarbon maturation and particularly
20 the appraisal phase.

21 So that was my involvement
22 in any discussions around hydrocarbon

23 maturation.

24 Q. If you turn to the third
25 page of what's been marked as Bichsel 9

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1 MATTHIAS BICHSEL
2 for purposes of identification you'll
3 see that there's a topic in the lower
4 third of the page underlined the word
5 exposures. Do you see where I'm
6 reading from, Mr. Bichsel?

7 A. No.

8 Q. Okay, take your time, try to
9 find that.

10 A. Yes, I have it, thanks.

11 Q. It says "Exposures" and
12 underneath that it says "Securities and
13 Exchange Commission (SEC) alignment."
14 Do you see that?

15 A. Yes, I do.

16 Q. And it says, "Recently the
17 SEC issued clarifications that make it
18 apparent that the group guidelines for
19 booking proved reserves are no longer
20 fully aligned with the SEC rules. This
21 may expose some 1,000 million boe of
22 legacy reserves bookings, (example,
23 Gorgon, Ormen Lange, Angola and
24 Waddenzee) where potential
25 environmental, political or commercial

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1 MATTHIAS BICHSEL
2 internal 'showstoppers' exist." Do you
3 see that?

4 A. Yes, I do.

5 Q. Did I read that accurately?

6 A. Yes, you did.

7 Q. Do you recall ever having
8 seen this portion of this -- of this
9 note for information before?

10 A. I do not recall having seen
11 this particular paragraph. I do,
12 however, recall having seen documents
13 that pertain to this particular issue.

14 Q. And what specifically do you
15 recall about those documents, Mr.
16 Bichsel?

17 A. Every year the -- Shell
18 would issue a guideline as to the
19 reporting, and in particular the
20 reporting and recording of reserves,
21 both the scope for recovery,
22 expectation reserves, and the proven
23 reserves. And as it turned out, that
24 the guidelines that Shell issued, they
25 were not fully in line with the SEC

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1 MATTHIAS BICHSEL

2 rules or the guidelines that existed or
3 started to emerge because they're
4 changing also over time.

5 And by examining the SEC
6 rules and compare them with the
7 guidelines that Shell used to book
8 reserves, so the internal document that
9 we have, there was an exposure
10 identified as indicated on that page
11 over here.

12 Q. Okay. And did you discuss
13 this issue with anybody on ExCom?

14 A. This particular issue was
15 discussed at a number of ExCom meetings,
16 that's correct.

17 Q. And do you recall when those
18 were discussed, when these discussions
19 took place?

20 A. I do not recall the dates,
21 no.

22 Q. I'm not specifically talking
23 about dates, I'm talking about years,
24 seasons when this would have been
25 discussed, can you narrow it down a

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1 MATTHIAS BICHSEL

2 little bit for me, please?

3 A. That -- this was in 2002 and
4 2003.

5 Q. Do you have any independent
6 recollection of who on ExCom
7 specifically you discussed this issue
8 with?

9 A. I was participating in the
10 ExCom meetings. There was not specific
11 discussions that I held with any member
12 of the ExCom. I was participating in
13 the meeting and participating in
14 discussions and I cannot recollect
15 exactly what I was saying in these
16 meetings.

17 Q. If you turn to the -- I'm
18 sorry, if you look at the bottom of
19 that same page, that third page under
20 "Exposures," it says "End of license."
21 Do you see that?

22 A. Yes.

23 Q. It says "In Oman PDO, Abu
24 Dhabi and Nigeria SPDC (18 percent of
25 EP's current production) no further

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1 MATTHIAS BICHSEL

2 proved reserves can be booked since it
3 is no longer 'reasonably certain' that
4 the proved reserves will be produced
5 within license. The overall exposure
6 should the OU business plans not
7 transpire is 1,300 million boe. Work
8 has begun to address this important
9 issue." Do you recall having discussed
10 this issue at all in 2002 with any
11 members of ExCom?

12 A. I do not recall whether we
13 discussed this in -- I did not discuss
14 that with any member of the ExCom.
15 However, I was participant in ExCom
16 meetings where the end of license issue
17 was discussed in either 2002 or 2003,
18 or in both.

19 Q. And I'm sorry for
20 interrupting, you, Mr. Bichsel. What
21 in particular did you discuss at that

22 time?

23 A. The issue that emerged is
24 around the definition of reasonable
25 certainty. And we had -- whilst we have
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1 MATTHIAS BICHSEL
2 very good relationships in these
3 countries like Oman, Abu Dhabi, and also
4 Nigeria, however, it was in question.
5 Since we couldn't demonstrate that we had
6 negotiated firmly a license, the
7 extension of licenses that we had, could
8 one then indeed still assume a reasonable
9 certainty that we could continue
10 operating or would we have to do
11 something about it. As you saw at the
12 bottom of that particular paragraph, it
13 talks about the work has begun to address
14 this important issue.

15 I personally was involved,
16 for instance, in the issue around the
17 Oman license, which was to expire in
18 2012. We discussed that we should
19 start much earlier in discussing the
20 extension of that particular license in
21 Oman, so well before 2012. The logic
22 was is that we didn't want to find
23 ourself investing in this particular
24 country say in the year 2010, 2011 only
25 to be told that we won't get any return
0320

1 MATTHIAS BICHSEL
2 on the investment because the license
3 has been given to somebody else.

4 As director of exploration,
5 my task was to give input in this
6 particular negotiation, if you want,
7 the study that led to the -- to the
8 negotiation as to the exploration
9 potential still present in this
10 particular country to allow then of
11 course to come up with the terms.

12 As you may or may not know,

13 we have in the meantime been able to
14 extend the license in Oman by 40 years.
15 So in this particular case, the work
16 that we began to address this issue on
17 the license has borne out.

18 We are currently in
19 negotiations in Abu Dhabi about this
20 very same issue. So that was something
21 that we actively worked as a collective
22 of an ExCom in terms of looking at
23 these exposures and finding effectively
24 solutions to make sure that we can book
25 reserves that are in line with the SEC

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2 guidelines that started to change or
3 started to be interpreted somewhat
4 differently than the Shell guidelines
5 originally indicated.

6 Q. Turning your attention now
7 to the fourth page of this document,
8 the one Bates stamped V 00230619, the
9 top of that has under the category of
10 appraisal, it talks about historical
11 perspective. Rather than reading it
12 verbatim since it's a fairly long
13 paragraph, my question to you with
14 respect to the historical perspective
15 is do you have any independent
16 recollection of having discussed the
17 contents of this paragraph with your
18 colleagues on ExCom?

19 A. I need to quickly read
20 through it.

21 Q. That would be fine.

22 A. This particular issue was
23 addressed in a number of ExCom meetings
24 in the years 2002 and 2003.

25 Q. And what was the nature of

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2 the discussion with respect to this
3 paragraph?

4 A. There were -- there were two
5 issues that were addressed. The one
6 issue was indeed about comparison with
7 our competitors. And the second issue
8 was indeed about the pace, if you want,
9 of being able to mature hydrocarbons
10 through the maturation funnel.

11 Q. And what specifically was
12 discussed with respect to those two
13 issues?

14 A. In particular, the pace of
15 hydrocarbon maturation, the question
16 was posed how could we accelerate that
17 particular pace, are there technologies
18 that we could deploy, are there
19 development concepts that we could use,
20 are there partnering options. Quite
21 often in the oil industry the issue
22 isn't so much the capital, but it is
23 the human resources. So could we, for
24 instance, partner up with somebody who
25 has human resources, could we use a

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2 service company such as Halliburton,
3 KBR, also who could perhaps provide
4 these services as they have done for
5 other countries in deepwater, come back
6 to deepwater as they have done for
7 Petrobras in Brazil.

8 So it's discussions around
9 those in order to have a competitive
10 position when we compare ourselves to
11 -- to the super-majors that I already
12 mentioned this morning, these four
13 other companies that we measure
14 ourselves against.

15 Q. And the next paragraph talks
16 about competitive landscape, and really
17 quickly it says, "The group RRR of 74
18 percent is low in comparison with
19 competitors who all posted RRRs in
20 excess of 100 percent." And it

21 references figure 6. "The competitors
22 are able to draw benefit from
23 portfolios which, following the rounds
24 of industry rationalization, appear to
25 offer wider choices in key exploration
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2 and scope maturation targets." Do you
3 see where I'm reading from, Mr.
4 Bichsel?

5 A. Yes.

6 Q. Have I read that correctly?

7 A. Yes, you have.

8 Q. What, if any, conversations
9 did you have with respect to competitive
10 landscapes with your colleagues on ExCom
11 in and around 2002?

12 A. We noticed that our RRR was
13 indeed lower as indicated over here.
14 The discussion was very much around the
15 dilemma that a company faces that banks
16 on organic growth as opposed to banking
17 on acquisitions and mergers. In
18 particular case BP merged with Amoco
19 and Arco, Total with Fina and Elf,
20 Chevron with Texaco a little later, and
21 Exxon with Mobil and in all cases it
22 allowed them to streamline their
23 portfolio and to, obviously by merging,
24 by bringing in these resources, from an
25 inorganic point of view, from an
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2 acquisition point of view, that on the
3 face of it their reserves replacement
4 ratio was higher than from a pure
5 organic replacement, so that means
6 through the discovery of hydrocarbons,
7 the development, and subsequently when
8 the time is right for booking these.

9 So we at Shell could not
10 benefit because we did not acquire a
11 company or a large company and merge

12 with another company in that particular
13 time frame, so we did not benefit like
14 our competitors on that particular
15 indicator that the investors are using.

16 And the question was, since
17 we do not acquire any companies or
18 certainly no thought at that particular
19 time about the big merger, are there
20 opportunities in terms of an organic
21 manner, in terms of accelerating a
22 hydrocarbon maturation funnel, what
23 could we do, what are the
24 opportunities, are there business
25 development opportunities whereby we

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2 would buy assets, etcetera.

3 So these were the
4 conversations that was had around this
5 particular topic.

6 Q. And finally, I want to just
7 direct your attention to the conclusion
8 paragraph which is on the next page,
9 Bates stamped V 00230620. The
10 conclusion reads, briefly, "Our
11 reserves replacement performance over
12 the past few years clearly illustrates
13 the emerging problems with our resource
14 base and is becoming a source of
15 competitive disadvantage. Over the
16 plan period the challenge will be to
17 secure sufficient volumes for major
18 bookings to supplement additions from a
19 base plan portfolio and ensure that
20 existing exposures, if they transpire,
21 are adequately offset.

22 "However, we do have some
23 nearly 50 bln boe of SFR and
24 expectation reserves currently out with
25 license in our overall resource base

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2 which presents a significant

3 opportunity. We are refocusing our
4 efforts on exploration and will pursue
5 more aggressively the transfer from SFR
6 to reserves but this will not be
7 sufficient to reverse the trends -
8 success in major strategic options in
9 MRH's or a major acquisition is
10 necessary." Did I read the conclusion
11 of this note for information correctly?

12 A. Yes, you did.

13 Q. Did you have reason to --
14 have you ever seen this conclusion with
15 respect to this note for information
16 before?

17 A. I do not recall having seen
18 this particular page, but I do recall
19 that discussions around these topics
20 were held at ExCom meetings.

21 Q. Is it fair to say that those
22 discussions occurred in and around
23 2002?

24 A. And 2003.

25 Q. Do you recall whether this

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2 occurred as the note for information
3 indicates, in February of 2002?

4 A. I do not recall the exact
5 date.

6 Q. Do you recall having
7 participated in conversations
8 personally where this conclusion was
9 discussed with your ExCom colleagues?

10 A. I recall that I have
11 participated in ExCom meetings where
12 the topic as it is addressed here was
13 discussed.

14 Q. And what specifically was
15 discussed among you and your ExCom
16 colleagues with respect to the
17 conclusion on Page 5 of this document,
18 Bichsel 9?

19 A. Page 5 is now at the

20 conclusion?

21 Q. Correct.

22 A. Yes. The -- again, as we
23 discussed before, the issue was that
24 about the comparison to our competitors
25 and looking at this particular measure

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2 of RRR.

3 At the same time we knew, A,
4 that we had a new exploration strategy,
5 which I explained earlier today, that
6 we wanted to leverage, and we also had
7 and still have a very significant
8 resource base in our assets. Currently
9 we have some 60 billion barrels,
10 currently I'm talking today, 60 billion
11 barrels of scope for recovery. This
12 indicates something like 50 billion
13 barrels of scope for recovery at that
14 time, when this note was written
15 apparently. And that is of course is
16 an opportunity by effectively using
17 either development concepts to again
18 coming up with new technologies. I
19 mentioned, for instance, enhanced oil
20 recovery. I mentioned the issue around
21 tight gas opportunities. That all
22 require technology to on-look that, and
23 by on-looking the resources using
24 technology, effectively you can then
25 mature the hydrocarbons through the

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2 funnel from scope into expectation
3 reserves and eventually into proved
4 reserves.

5 Q. Okay.

6 MR. ARANOFF: Bichsel 10.
7 (Bichsel Exhibit 10 for
8 identification, Bates stamped RJW
9 00780060 through RJW 00780063.)

10 Q. Mr. Bichsel, the court