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

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IN RE ROYAL DUTCH/SHELL |
TRANSPORT SECURITIES |
LITIGATION |

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Videotaped Deposition of Lorin Brass
(Volume I)
Washington, D.C.
Wednesday, November 8th, 2006
10:00 a.m.

23 Job No. 22-87680
24 Pages 1 - 194, Volume I
25 Reported by: Laurie Bangart-Smith

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Videotaped Deposition of
LORIN BRASS
Volume I

Held at the offices of:
LEBOEUF, LAMB, GREENE & MACRAE, LLP
1875 Connecticut Avenue, Northwest
Suite 1200
Washington, D.C. 20009

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21 Taken pursuant to notice, before Laurie
22 Bangart-Smith, Registered Professional Reporter,
23 Certified Realtime Reporter and Notary Public in
24 and for the District of Columbia.
25

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25

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1 LORIN BRASS, November 8, 2006

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

3 THE VIDEOGRAPHER: Here begins Tape

4 Number 1 in the deposition of Lorin Brass, in the
5 matter of Royal Dutch/Shell Transport Securities
6 Litigation, in the United States District Court,
7 District of New Jersey, Case Number 04-374.

8 Today's date is November 8th, 2006. The time is
9 10:07 a.m. The video operator today is Cali Day

10 of LegaLink New York. This deposition is taking
11 place at 1875 Connecticut Avenue, Northwest,
12 Washington, D.C., 20009.

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

15 MS. MARSHALL: Caroline Marshall,
16 Bernstein, Liebhard & Lifshitz, on behalf of the
17 lead plaintiff, Peter M. Wood, in the class.

18 MS. KASNETT: Shiffy Kasnett, Bernstein,
19 Liebhard & Lifshitz, on behalf of lead plaintiff
20 in the class.

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

23 MR. HABER: Jeffrey Haber from
24 Bernstein, Liebhard & Lifshitz, on behalf of the
25 lead plaintiff and Peter M. Wood in the class.

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1 LORIN BRASS, November 8, 2006

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

5 MS. BRAMBLE: Jocelyn Bramble, LeBoeuf,
6 Lamb, Greene & MacRae, on behalf of the corporate
7 defendants, Royal Dutch and Shell Transport, and
8 also on Mr. Brass' behalf.

9 MR. CLARK: Christopher J. Clark,
10 LeBoeuf, Lamb, Greene & MacRae, for the Royal
11 Dutch corporate defendants and the witness,
12 Mr. Brass.

13 MR. PLATT: Charles Platt, Shell
14 International, BV, on behalf of the Royal Dutch
15 corporate defendants.

16 MS. TISKA: Tracey Tiska, Hogan &
17 Hartson, on behalf of defendant KPMG Accountants,
18 N.V.

19 MR. FOUKAS: Savvas Foukas, Hughes,
20 Hubbard & Reed, on behalf of
21 PricewaterhouseCoopers, LLP.

22 MS. LIEBERMAN: Sharan Lieberman, Mayer,
23 Brown, Rowe & Maw, on behalf of defendant Sir
24 Philip Watts.

25 MR. MORSE: Adriaen Morse, Mayer Brown,

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1 LORIN BRASS, November 8, 2006

2 for Phil Watts.

3 MS. WICKHEM: Rebecca Wickhem, Foley &
4 Lardner, LLP, on behalf of Judith Boynton.

5 MR. FERRERA: Ralph Ferrara, LeBoeuf
6 Lamb, on behalf of the Royal Dutch/Shell, Shell
7 Transport and Trading and Lorin Brass.

8 THE VIDEOGRAPHER: The court reporter
9 today is Laurie Bangart-Smith. Would the reporter
10 please swear in the witness.

11 LORIN BRASS,

12 having been duly sworn, testified as follows:

13 EXAMINATION BY COUNSEL FOR PLAINTIFF

14 BY MS. MARSHALL:

15 Q Mr. Brass, we met a few minutes ago.
16 Again my name is Caroline Marshall. I'm going to
17 be asking you a series of questions today. Have
18 you been deposed before?

19 A Yes.

20 Q So you're familiar with how this works?

21 A Somewhat, yes.

22 Q Okay. So we'll just briefly we'll go
23 over it. When I ask a question, you have to wait
24 until I finish my question before you answer, even
25 if the question is obvious before I've finished.

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1 LORIN BRASS, November 8, 2006

2 You have to answer both -- you have to answer
3 verbally, so nodding of the head is not
4 sufficient, so that the court reporter can take
5 down my question as well as your answer.

6 If at any time I ask you a question that
7 you don't understand, please feel free to ask me
8 to rephrase it, and if you need a break at any
9 point in time, just let me know, and we can take a
10 break.

11 A Okay.

12 Q Okay. Now, for the purpose of this
13 deposition, when I say "Shell," I mean Royal
14 Dutch, Shell Transport, and the operating
15 companies and service companies in which they hold
16 an interest, their two holding companies. So if
17 you need any further clarification, let me know,

18 but otherwise that's what I'm referring to; okay?

19 A Okay.

20 MR. CLARK: For purposes of the record,
21 Ms. Marshall, Mr. Brass spent a fair bit of time
22 in a company shown as Shell Oil, so I'll ask
23 everyone to be aware that Shell Oil is a different
24 entity or may be a different entity from Shell,
25 and perhaps you could clarify that when asking him

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1 LORIN BRASS, November 8, 2006
2 questions about his background.

3 MS. MARSHALL: Okay. Appreciate that.
4 Thank you.

5 BY MS. MARSHALL:

6 Q So now we're going to go through your
7 background. First, where do you currently reside?

8 A In South Dakota in the U.S.

9 Q And what's your address?

10 A 46652 278th Street, Lenox, South Dakota.
11 57039.

12 Q How long have you been in South Dakota?

13 A Since April.

14 Q Now, what I'd like to do first is go
15 through your higher education. Do you have a
16 college degree?

17 A Yes.

18 Q Where did you receive that?

19 A I have a bachelor's of science in
20 metallurgical engineering from the South Dakota
21 School of Mines & Technology in Rapid City, South
22 Dakota, and a master's of science from the
23 University of California Berkeley in material
24 science and engineering.

25 Q What is metallurgical engineering?

0012

1 LORIN BRASS, November 8, 2006

2 A It's the study and use of metals
3 primarily.

4 Q What year did you get that degree?

5 A 1975, BS; 1977, MS.

6 Q Did you have any particular focus when
7 you got your master's from U.C. Berkeley?

8 A Physical metallurgy as opposed to other

9 kinds of materials, like ceramics, polymers, et

10 cetera.

11 Q Do you have any post-graduate education?

12 A The master's degree would be --

13 Q That's the last one?

14 A -- the last one, is the last one.

15 Q Do you hold any professional licenses?

16 A No.

17 Q Are you a member of any professional
18 organizations?

19 A Not at this time.

20 Q Have you ever been a member of a
21 professional organization?

22 A I was a member of the Society of
23 Petroleum Engineers at one time.

24 Q Do you recall approximately when that
25 was?

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1 LORIN BRASS, November 8, 2006

2 A Roughly from 1980 through 1988, but
3 that's really a guess.

4 Q That's fine, yeah.

5 A The other one would be Tau Beta Pi,
6 which is a professional math and science
7 organization society.

8 Q When were you a member there?

9 A I'm still a member. That was started
10 when I was in the South Dakota School of Mines, so
11 roughly 1975.

12 Q Okay. Where did you first seek
13 employment or become employed after graduating
14 from Berkeley?

15 A Shell Oil Company in the U.S.

16 Q What was your position, your first
17 position?

18 A Research scientist at the Westhollow
19 Research Center.

20 Q Where is that located?

21 A In the western part of Houston, Texas.

22 Q Were you working on anything in
23 particular when you were stationed there?

24 A My initial assignments were associated
25 with refineries, chemical plants, pipelines, which

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1 LORIN BRASS, November 8, 2006

2 Westhollow Research Center is -- the concentration
3 of effort there is all in the downstream type of
4 activities, so I would do failure analysis, help
5 with design, et cetera, for some of the refineries
6 and chemical plants.

7 Q Was all your work there focused --
8 refineries, et cetera -- in the United States?

9 A Yes.

10 Q Okay. How long did you hold that
11 position?

12 A I was at Westhollow for three years.

13 Q And what did you do after that?

14 A I joined the Exploration and Production
15 organization, again in Shell Oil Company in the
16 United States, as a drilling engineer in the Rocky
17 Mountain Division.

18 Q And what was your role in that position?

19 A The design and the implementation of
20 drilling of wells, primarily in North Dakota,
21 Wyoming, Montana.

22 Q How long did you hold that position?

23 A Roughly two years.

24 Q So now we're in the early eighties?

25 A Yes.

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1 LORIN BRASS, November 8, 2006

2 Q And where did you go from there?

3 A To Mid-Continent Division, another Shell
4 Oil Company, Exploration and Production Division,
5 as Division Drilling Engineer, which was the first
6 level of supervision.

7 Q How -- where were you located there?

8 A In Houston, Texas.

9 Q How long did you have that position?

10 A Two years.

11 Q Where did you go from there? Sorry I
12 have to ask you these questions, but it's part of
13 the drill. I'm sure you've been warned.

14 A I went to a position in Shell Oil
15 Company Houston's Head Office, working for the
16 head of Drilling Operations.

17 Q Was that in 1984?

18 A That was in 1984.

19 Q What were your responsibilities in that
20 position?

21 A It was anything that Drilling Operations
22 had wanted me to do. It was a learning experience
23 of one year, so anywhere from designing
24 presentation to counting staff to arranging
25 meetings, arranging conferences, just really

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1 LORIN BRASS, November 8, 2006

2 learning about the drilling operation in the
3 United States.

4 Q Where did you go from there?

5 A To New Orleans as the Division Drilling
6 Engineer of Offshore East.

7 Q And what does "Offshore East" mean?

8 A It means the Gulf of Mexico in the
9 eastern half of the Gulf of Mexico, so all
10 offshore activities in the eastern half of the
11 Gulf of Mexico.

12 Q How long did you hold that role?

13 A About a year and a half.

14 Q And what did you do after that?

15 A I was a Production Superintendent for
16 our Coastal Division, again in New Orleans, and
17 the Coastal Division was right along the coastline
18 of Louisiana, so some onshore, some offshore,
19 shallow offshore, in charge of Producing
20 Operations.

21 Q What was your next position after that?

22 A Back to Houston as the Development
23 Engineering Manager for Michigan.

24 Q What year would you say we're in now?

25 A '89.

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1 LORIN BRASS, November 8, 2006

2 Q And what were your responsibilities as
3 the Development Engineering Manager for Michigan?

4 A It was all the engineering for the
5 operations in Michigan, which included geological
6 engineering, petrophysical engineering, drilling
7 engineering, reservoir engineering, facilities

8 engineering and production engineering.

9 Q How long did you hold that position?

10 A Roughly six months.

11 Q Where did you go from there?

12 A Back to Shell Oil Company, Head Office
13 in Houston as the Budget Coordinator for the
14 Production Department.

15 Q What were your responsibilities as the
16 Budget Coordinator?

17 A To coordinate the development of the
18 Business Plan, a five-year short-term plan, a
19 20-year long-term plan, and the budget for the
20 next year. In addition, I reported results to the
21 head of E&P and his Direct Reports on a monthly
22 basis.

23 Q What type of results would you be
24 responsible for reporting?

25 A Both financial and operational results.

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1 LORIN BRASS, November 8, 2006

2 Q And what would be included in
3 operational results?

4 A Production levels, cost levels, drilling
5 activity, updates on the more significant
6 projects.

7 Q Would you be responsible for reporting
8 reserves?

9 A Not in any detail. Those were performed
10 by the Reservoir -- head of Reservoir Engineering,
11 again in Houston at Head Office. The reserves
12 numbers would go into our Business Plan and
13 operating, and I would receive those numbers from
14 the Reservoir Engineering community and simply put
15 them into the, into the Plan, and on an annual
16 basis there would have been a report on reserves.
17 I would not have given that report.

18 Q Okay. And in terms of financial
19 reporting, what would that encompass?

20 A Revenue, costs, net income, operating
21 cash income, capital spending levels, exploration
22 expenditures. These are examples. It's not every
23 one, but it's the major ones.

24 Q How long did you hold that position?

25 A About a year and a half at the most.

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1 LORIN BRASS, November 8, 2006

2 Year and a third, year and a half.

3 Q So this is the end of 1980s?

4 A Yes, that's the end -- would be the end
5 of 1989, beginning of 1990.

6 Q Where did you go from there?

7 A To Bakersfield, California, as head of
8 our -- head of Engineering for the West Coast
9 Division. We had two divisions in California.
10 This is one of the two.

11 Q And how did your responsibilities differ
12 there?

13 A Really very similar to what I reported
14 in the Michigan job, as the person in charge of
15 all the engineering functions for the West Coast
16 Division, which was much larger than the Michigan
17 job.

18 Q How long did you hold that position?

19 A About a year and a half.

20 Q Did you have any different
21 responsibilities with respect to reserve reporting
22 in that position?

23 A No. I had a reservoir -- head of
24 Reservoir working for me, and he, with the
25 Reservoir community, were accountable for the

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1 LORIN BRASS, November 8, 2006

2 reserve numbers.

3 Q What position did you move to from
4 there?

5 A Production Manager for our Kern Ridge
6 Division, which is our other division, again in
7 Bakersfield, California.

8 Q And what did the Kern Ridge Division
9 encompass?

10 A The Bell Ridge Field primarily, which
11 was one of our largest oil fields in the United
12 States.

13 Q And what were your responsibilities
14 there?

15 A This now broadened the responsibilities

16 to operations as well as engineering, so not just
17 the engineering functions but also all of the
18 ongoing Producing Operations.

19 Q How long did you hold that role?

20 A About a year and a half.

21 Q And then where did you go from there?

22 A Back to Houston in Shell Oil Company as
23 part of a small group, four people, that did
24 things very similar to what I had done as the
25 Budget Coordinator in E&P, so we were putting
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1 LORIN BRASS, November 8, 2006

2 together the Short-Term Operating Plan and the
3 consolidated budget for all of Shell Oil Company,
4 so whereas before I did it just for Exploration
5 and Production, this small group pulled it
6 together for Chemicals, Oil Products, Exploration
7 and Production and Administration, so the whole
8 look at Shell Oil Company.

9 Q How long did you hold that position?

10 A About a year and a half.

11 Q So are we in about 1993?

12 A We are.

13 Q And where did you go from there?

14 A Actually we're a little bit further.
15 We're about mid-'94.

16 Q At the end of your year and a half?

17 A Right.

18 Q Okay, great. So where did you go then?

19 A I became the Operations head for a newly
20 formed entity called Shell Services Company.

21 Q When was that company formed?

22 A In the beginning -- in January of 1995.

23 Q And what was the purpose of the company?

24 A The company was pulled together to bring
25 together all the primary services that were used
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1 LORIN BRASS, November 8, 2006

2 by the functions of Exploration and Oil Products,
3 et cetera, and to provide those services at market
4 rates. Primarily Information Technology was the
5 largest bulk of what we did, but it also had some
6 accounting services and some facilities services,

7 building services, supply services.

8 Q And who would this company be providing
9 those services to?

10 A Primarily to Shell Oil Company.
11 However, the market concept allowed for us to
12 provide those services outside of Shell, although
13 that was not very often done.

14 Q And when it was done, who were those
15 services supplied to?

16 A Local, to the Houston community
17 primarily. An example might be -- this was a few
18 years ahead, but gearing up toward the year 2000
19 situation with information technology, we had a
20 year 2000 service and therefore went into a
21 company, would fix their Year 2K problems before
22 2000.

23 Q So companies that had nothing to do with
24 Shell?

25 A Right.

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1 LORIN BRASS, November 8, 2006

2 Q Okay. Did this Shell Services Company
3 have any interaction with any international Shell
4 companies?

5 A During the course of the next two or
6 three years we began to talk about this concept
7 globally with people in London and The Hague.

8 Q And what concept was talked about?

9 A Taking and collecting these key services
10 and offering them at market rates to the rest of
11 the Shell organization.

12 Q Did that ever happen?

13 A Yes.

14 Q And when did that begin to happen?

15 A We formed it and kicked it off in about
16 January of 1998.

17 MR. CLARK: Formed what?

18 THE WITNESS: Shell Services
19 International.

20 BY MS. MARSHALL:

21 Q And was Shell Services International a
22 different company than the Shell Services Company?

23 A It was -- it was the global duplicate.

24 Shell Services Company became part of Shell

25 Services International.

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1 LORIN BRASS, November 8, 2006

2 Q And did you have a role in Shell

3 Services International?

4 A Yeah, I was the head of Shell Services

5 International.

6 Q Where was Shell Services International

7 located?

8 A In the Netherlands. That was the --

9 that was the Head Office of Shell Services

10 International.

11 Q And where had Shell Services Company

12 been located?

13 A In Houston.

14 Q Did it remain in Houston after Shell

15 Services International was formed?

16 A It became one of the hubs we had in
17 Shell Services International. By far the largest.

18 Q What were the other hubs?

19 A Kuala Lumpur, and a small one in

20 Melbourne, Australia.

21 Q When were those hubs created?

22 A They began their creation when the
23 company began in 1998. It took some time to get
24 the whole company organized, so roughly a year
25 during 1998.

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1 LORIN BRASS, November 8, 2006

2 Q Did you move to the Hague when Shell
3 Services International -- or the Netherlands when
4 Shell Services International was finally formed in
5 1998?

6 A Yes.

7 Q Was the hub in Houston responsible for
8 any particular services?

9 A It was the same services they had been
10 providing under Shell Services Company time.

11 Q And can you tell me specifically what
12 those services were.

13 A Information Technology.

14 Q And what does that entail?

15 A The Data Center, so at that time we
16 still had mainframe computers, large mainframe
17 computers, all the distributive computing, so
18 laptops, communication services, including
19 telephony, video services, anything that the
20 people were using when it came to Information
21 Technology.

22 Q Okay. Were there any other services
23 that were coming out of the Houston hub?

24 A Again supplied locally were things like
25 accounting services and facilities services that

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1 LORIN BRASS, November 8, 2006
2 serviced the office complexes in Houston.

3 Q Globally, other than Information
4 Technology, were there any other services coming
5 out of the Houston hub?

6 A Well, I guess I didn't necessarily say
7 that Shell was providing all these services
8 globally out of Houston, because there was another
9 large Data Center in the Netherlands that was
10 already set up to do a lot of the Information
11 Technology services for the rest of the world, so
12 no, I can't recall -- we certainly did not do
13 things like accounting services and facilities
14 services out of Houston to the rest of the world.

15 Q Was Shell Services International
16 providing services other than Information
17 Technology services?

18 A Yes.

19 Q And what other services were those?

20 A Very similar service, although overseas
21 we actually did not do the finance accounting type
22 services, but there were some facility services.
23 There was also some Human Resources services. We
24 provided recruitment help to a lot of the
25 Operating Units around the world, for instance.

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1 LORIN BRASS, November 8, 2006

2 Q Were there any services related to
3 technology?

4 A The Data Centers, yes. The Data Centers
5 ran the seismic data for Exploration and

6 Production. They also ran all -- each to their
7 countries, but they ran all the financial results
8 data.

9 Q Was any of the seismic data for
10 Exploration and Production run out of the Houston
11 hub?

12 MR. CLARK: Objection; vagueness.

13 BY MS. MARSHALL:

14 Q You can answer the question.

15 A The Houston hub primarily ran the
16 seismic information from the Gulf of Mexico and
17 onshore U.S. Rijswijk ran the information for the
18 rest of the world. I am not aware, nor do I
19 recall, whether there was any, any linkage,
20 swapping of that information at that time.

21 Q When you moved to the Netherlands to the
22 Head Office of Shell Services International, did
23 somebody assume a position of being head of the
24 Houston hub?

25 A Yes.

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1 LORIN BRASS, November 8, 2006

2 Q Who was that?

3 A Gordy Bannister.

4 Q How long did you remain the head of the
5 Shell Services International organization?

6 A About a year and a half.

7 Q And how long -- you had spent a year and
8 a half in the Houston Shell Services Company; is
9 that accurate?

10 A Yes.

11 Q When you were working at the Shell
12 Services Company, did you work on any particular
13 projects for any OUs?

14 A No, not that I recall.

15 Q When you were at Shell Services
16 International, did you have frequent -- did you
17 have any interaction with the US hub run by Gordy
18 Bannister?

19 A Yes. Gordy reported to me.

20 Q Do you know whether the US hub -- strike
21 that. Once Shell Services International was
22 formed, was the US hub renamed to something other

23 than the Shell Services Company?

24 A It just became Shell Services

25 International Houston.

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1 LORIN BRASS, November 8, 2006

2 Q Okay. Do you know what SEPTAR is?

3 A No. The name's always were very

4 confusing. It had to do with some of the

5 technologies in Exploration and Production, but

6 I'm not -- I couldn't tell you which ones.

7 Q Was there any relationship between

8 SEPTAR and Shell Services International Houston

9 office, if you know?

10 A Not that I'm aware of.

11 Q Do you know what the Bellaire Technology

12 Center is?

13 A Yes.

14 Q And what, what did you understand that

15 to be?

16 A Exploration and production research for

17 Shell Oil Company.

18 Q Did the Bellaire Technology Center and

19 Shell Services International have any relationship

20 that you're aware of?

21 A Only the seismic data that we ran, and

22 they would have occasionally or frequently, at

23 some frequency been part of the acquisition of

24 that seismic information and would have been

25 helping in the interpretation of that seismic

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1 LORIN BRASS, November 8, 2006

2 information. We didn't do that work. We ran the

3 numbers through the mainframes, so we would have

4 been processing the large volume of information

5 that come from seismic, acquired seismic. They

6 would have been acquiring it and interpreting it

7 and using it.

8 MR. CLARK: For Shell Oil Company or

9 for --

10 THE WITNESS: For Shell Oil Company.

11 BY MS. MARSHALL:

12 Q Now, would, were the Shell -- was the

13 Shell Services International in Houston using the

14 same mainframe, I think you called it, as the
15 office in the Netherlands?

16 A No. They had their own mainframes.
17 There was mainframes in Houston, and there was
18 another batch of mainframes in Rijswijk in the
19 Netherlands.

20 Q Were they configured in similar ways?

21 A I really don't know. That's part of the
22 technology, so I don't know how they were
23 configured.

24 Q Was there a person at Shell Services
25 International who was in charge of coordinating

0031

1 LORIN BRASS, November 8, 2006
2 the technology between the different hubs?

3 A There would have been a person at
4 Rijswijk that was worked with the mainframes. I
5 don't recall who that would have been, and I'm not
6 sure at that time there was any coordination
7 between the hubs.

8 Q Eventually did there become coordination
9 between the hubs?

10 A Much, much later. In fact, that's I
11 think only recently occurred, but I'm a bit
12 guessing there.

13 MR. CLARK: What do you mean by
14 "recently"?

15 MS. MARSHALL: You know, I can follow up
16 the questions.

17 BY MS. MARSHALL:

18 Q What do you mean by "recently"?

19 A In the last two to three years.

20 Q Now, you said that Gordy Bannister
21 reported to you. What was the nature of the
22 exchange of information between yourself and him?

23 A It would be all aspects of what was
24 happening from the Houston perspective, so whether
25 it was staffing issues or operational issues or

0032

1 LORIN BRASS, November 8, 2006
2 results of performance activities ongoing, the
3 regular business interaction between one
4 subsidiary to the major entity.

5 Q Did you have any interaction with
6 anybody else in the Houston hub of Shell Services
7 International other than Mr. Bannister?

8 A Well, I would make trips to all the
9 subsidiaries and meet the people that were in
10 those subsidiaries, and so I knew a lot of the
11 other management team in Houston, et cetera.

12 Q How large was the Shell Services
13 International Houston office?

14 MR. CLARK: Objection.

15 BY MS. MARSHALL:

16 Q How many members were there in 1998?

17 A It's stretching my memory, but I'm going
18 to put an approximate figure of 500 people.

19 Q Now, you remained the head of Shell
20 Services International until what time?

21 A Mid-1999.

22 Q Who took over from you?

23 A Clyde Mather.

24 Q If Shell Services International Houston
25 hub was doing any work for any OUs outside of the
0033

1 LORIN BRASS, November 8, 2006
2 United States, would you have been aware of it?

3 A More than likely.

4 Q Can you recall any instances when Shell
5 Services International in Houston was doing any
6 work for any OUs outside of the United States
7 during your tenure at Shell Services
8 International?

9 A No, I really can't recall a specific
10 example.

11 Q Can you recall, when you were at Shell
12 Services International, what OUs were having
13 services performed for them?

14 MR. CLARK: Objection; vagueness.

15 MS. MARSHALL: You can answer the
16 question. And if you could just object to form.

17 MR. CLARK: I asked you to clarify, when
18 we started this, between "Shell Oil" and "Shell,"
19 and you said "thank you" and you said you would,
20 and now you're asking about OUs in general, so if
21 you would just please clarify, it wouldn't be a

22 problem.

23 BY MS. MARSHALL:

24 Q When you were working at Shell Services
25 International, do you recall any OUs, whether they
0034

1 LORIN BRASS, November 8, 2006
2 be for Shell Oil or for Shell International, that
3 Shell Services International were performing
4 services for?

5 A Yes, and I'll give examples, because
6 there were really quite a few --

7 Q Okay.

8 A -- but ExPro in the North Sea, which was
9 our operations there. We did services for them.
10 We did services for Shell Malaysia. We did
11 services for Shell Australia and Shell New
12 Zealand, Shell Thailand, Shell Japan, Shell China,
13 the Netherlands itself, of course, NAM and the
14 downstream operations. Shell UK more broadly in
15 the United Kingdom outside of ExPro. There may
16 have been more, but they will be starting to get
17 quite small.

18 Q Do you recall what services were being
19 done for Shell Australia?

20 A IT services, Information Technology
21 services, and HR services. I specifically recall
22 those two. I don't recall others. There might
23 have been others. I just don't recall.

24 Q If an OU -- while you were at Shell
25 Services International, if an OU -- what would be
0035

1 LORIN BRASS, November 8, 2006
2 the circumstances under which an operating company
3 would want seismic services?

4 A If they had an ongoing exploratory
5 program.

6 Q Can you describe what you mean by "an
7 ongoing exploratory program."

8 A That would be one in which they were
9 funded and had the acquisition of seismic to begin
10 or ongoing, either through boats offshore or
11 machines onshore, for the collection of seismic
12 data which hopefully would lead to identification

13 of areas that could be drilled for producible
14 hydrocarbons. So if they were in that mode of
15 seismic acquisition, they would need to go to some
16 service to get their seismic information
17 processed.

18 Q Were there services other than Shell
19 Services International that they could go to for
20 those services?

21 A Yes.

22 Q And who else provided that, those
23 services during that time period? I guess we're
24 talking about 1998 through 2000.

25 A There were actually several companies

0036

1 LORIN BRASS, November 8, 2006
2 which I perhaps won't remember in the moment, but
3 the likes of a Schlumberger, for instance, or
4 Western Oil. These are the large oil and gas
5 service companies that have capabilities around
6 the world.

7 Q Was the seismic -- were the seismic
8 services that Shell Services International
9 provided confined to particular types of
10 developments in terms of, you know, deepwater as
11 opposed to shallow water, anything like that?

12 A No.

13 MR. CLARK: Objection.

14 BY MS. MARSHALL:

15 Q Did Shell Services International provide
16 seismic services for developments that involved
17 deepwater?

18 A Yes.

19 Q Do you know what Shell Deepwater
20 Services is?

21 A Yes, roughly.

22 Q Is there -- was there any interaction
23 between Shell Services International and Shell
24 Deepwater Services that you're aware of?

25 A Not specifically.

0037

1 LORIN BRASS, November 8, 2006

2 Q Generally?

3 A I'd be -- I'd only be supposing and

4 speculating. I do not recall the specific

5 interactions between those entities.

6 Q Was there a difference in the seismic
7 services that Shell Services International
8 provided with respect to deepwater than those
9 provided by Shell Deepwater Services?

10 MR. CLARK: Objection.

11 BY MS. MARSHALL:

12 Q You can answer the question.

13 A I'm not sure. Could you try again to --

14 Q Yeah, sure. Was Shell deep -- did Shell
15 Deepwater Services provide seismic data services,
16 if you're aware?

17 A No, not from what -- not in the same
18 concept or in the same set that Shell Services
19 did. Again Shell Services was a data processing
20 center. It basically ran the data on very large
21 mainframe computers. We obtained the data from
22 whoever had taken the seismic information in,
23 we'd process that data and then gave it back to
24 people for interpretation. Now, I don't know
25 specifically if Shell Deepwater Services were

0038

1 LORIN BRASS, November 8, 2006

2 providing those kinds of interpretive services or
3 acquisition services specifically at the time, but
4 I do know that Shell Services International is a
5 data processing facility, had nothing to do with
6 the interpretation of that data.

7 Q Is it possible that Shell Deepwater
8 Services could have used the facilities of Shell
9 Services International?

10 MR. CLARK: Objection.

11 BY MS. MARSHALL:

12 Q You can answer the question.

13 A Only from the acquisition side I would
14 be able to answer the question. No, they would
15 not be acquiring the data itself. Those were done
16 by the Operating Units around the world, so we
17 would be working directly with them to have the
18 data processed.

19 Q Okay. Do you know if Shell Services
20 International still has a Houston hub?

21 A Shell Services International no longer

22 exists in the concept we had at that time.

23 Q Do you know when that concept ceased to
24 exist?

25 A Not exactly. It would have been around
0039

1 LORIN BRASS, November 8, 2006

2 2002, 2003, perhaps.

3 Q Do you know why it ceased to exist in
4 that same concept?

5 A I don't know all the specifics, but
6 there was, there was always a difficulty with a
7 market-based pretty much internal provider, so
8 there was the illumination of the market concept,
9 and therefore reverting back to a more standard
10 process of providing services for cost, at cost,
11 through some sort of negotiated contract.

12 Q What did you do after you left Shell
13 Services International?

14 A I went back to Exploration and
15 Production in The Hague, and at the moment after
16 the first six months I was asked to do some
17 special assignments.

18 Q What were those?

19 A Primarily related to two things. One
20 was the compensation system for senior level
21 individuals in the company, and especially in
22 Exploration and Production; and secondly, we began
23 to look more seriously at acquisition candidates
24 for E&P, and I was asked to lead the project for
25 acquisition candidates.

0040

1 LORIN BRASS, November 8, 2006

2 Q Were you working on both of these
3 projects at the same time?

4 A Yes.

5 Q Who were you asked to look into the
6 compensation system by?

7 A John Hofmeister.

8 Q What was his position?

9 A He was the head of Human Resources for
10 Royal Dutch/Shell Transport and Trading.

11 Q Who did you report to during that

12 six-month time period?

13 A Directly to an individual called Garmt
14 Lau.

15 Q And what was his role?

16 A He was the head of Human Resources for
17 Exploration and Production.

18 Q Do you know why you were asked to look
19 into the compensation system for Exploration and
20 Production?

21 A There was a view that it was outdated,
22 needs refreshing, brought up to more competitive
23 standards.

24 Q Do you know who held that view?

25 A The only one I could speak to directly

0041

1 LORIN BRASS, November 8, 2006

2 would be John Hofmeister.

3 Q What did you do in order to complete
4 that assignment?

5 A Did an analysis and a survey of what is
6 available publicly on compensation systems for
7 Senior Management, tried to assess that
8 information, coordinate that information, distill
9 it into a form in which people could begin to make
10 decisions, recommendations around that
11 information.

12 Q When you say "available publicly," did
13 you mean that you were looking at other companies?

14 A Yes.

15 Q Did you do any investigation as to how
16 the system within Shell worked?

17 A Yes.

18 Q Did the compensation system change as a
19 result of this project?

20 A Yes.

21 Q How did it change?

22 A There were a few factors. One was that
23 pay for performance as a percentage of the base
24 pay was increased for the Senior Executive Group.
25 Another one was to try to gain consistency in the

0042

1 LORIN BRASS, November 8, 2006

2 application of this throughout the Operating

3 Units. There were others, but I -- at the moment

4 I can't remember.

5 Q Who, who would have been considered to
6 be part of the Senior Executive Group?

7 A It's a particular cut and a grade level
8 in Shell that encompasses -- and again now, I'm
9 guessing and it changes from time to time, but it
10 would be about the top 200 or so people in the
11 company.

12 Q Were you included in that 200?

13 A Yes.

14 Q How was the pay for performance
15 increased?

16 A Could you --

17 Q Well, I think you said that the -- when
18 I asked you how did the compensation system
19 change, you said the pay for performance increased
20 for the Senior Executive Group. How did it
21 increase?

22 A But are you asking how much or the way
23 we implemented it?

24 Q Why don't you first tell me how much.

25 A It started from a variety of different

0043

1 LORIN BRASS, November 8, 2006
2 spots, but everything moved to 50 percent of base
3 pay.

4 Q What does that mean, "50 percent of base
5 pay"?

6 A That the available ceiling or the
7 available target for an amount you could earn if
8 business performance and individual performance
9 was achieved would be equivalent to another half
10 of your existing base pay, so that your total pay
11 became 150 percent of your base pay.

12 Q And was that implemented across the
13 board for this Senior Executive Group?

14 A Yes.

15 Q And prior to this implementation, what
16 had been the maximum?

17 A I'm -- I would be struggling to recall,
18 but it was lower than that.

19 Q Do you recall what the minimum was?

20 A It would have been -- well, I'm
21 hesitating to guess, because I really don't
22 recall.

23 Q That's okay. You could just give it to
24 me generally.

25 A In the twenties and thirties.

0044

1 LORIN BRASS, November 8, 2006

2 Q Who made the decision to increase the
3 pay for performance and across the board
4 50 percent of base pay level?

5 A The Committee of Managing Directors, but
6 with a change to people at this level, it would
7 also have had to go to the Board of Directors.

8 Q Did you make a presentation to the
9 Committee of Managing Directors having to do with
10 the compensation system?

11 A Yes.

12 Q When did you make that presentation?

13 A November or December of 1999.

14 Q Do you recall who was present at that
15 meeting?

16 A I recall Mark Moody-Stuart was there.
17 John Hofmeister was there as the head of HR. The
18 rest, I actually would be guessing as to which of
19 the other committee members were there, because I
20 just don't recall who else was in the room.

21 Q I don't want you to speculate about it.

22 A Okay.

23 Q Do you recall any particular discussions
24 from that meeting?

25 A No. I recall I had a specific list of

0045

1 LORIN BRASS, November 8, 2006

2 yet-to-be-decided items pertaining to the details
3 of such, and I know Mark led us through each of
4 those. I presented the issue. Mark Moody-Stuart
5 presented the situation to the members, and they
6 had a discussion and made a decision one by one.
7 I remember Mark participating with me in that
8 dialogue.

9 Q As part of your investigation into the
10 compensation system, did you also -- did you look

11 at what element of the Senior Executive Group's
12 performance should be looked at in terms of their
13 compensation?

14 MR. CLARK: Objection.

15 BY MS. MARSHALL:

16 Q You can answer the question.

17 A My answer would have to be no to the
18 question asked, and I'm doing that on the basis of
19 we did not get into individual performance
20 elements, only the magnitude.

21 Q Why was that?

22 A It was simply what I was asked -- the
23 element I was asked to do.

24 Q So you were only asked to look at how
25 much the performance should impact a pay increase?

0046

1 LORIN BRASS, November 8, 2006

2 A Yes.

3 Q Did anybody at the CMD meeting express
4 the position that increasing the pay per
5 performance percentage was not a good idea?

6 A I don't recall.

7 Q As part of your investigation into the
8 compensation system, did you do any analysis of
9 the scorecard system?

10 A No.

11 Q And did you only look at the
12 compensation of the Senior Executive Group?

13 A For this particular element of the
14 study, yes. The only thing that we looked at in
15 terms of the performance was for the SEG group.

16 Q Were there other elements of the study
17 that you looked at, other things?

18 A There was also an element that tried to
19 get more uniformity around the world when it comes
20 to grading levels and compensation levels.

21 Q And was that element of the project
22 looking at groups outside of the Senior Executive
23 Group?

24 A Yes.

25 Q How broadly was that element of the

0047

1 LORIN BRASS, November 8, 2006

2 project?

3 A It basically encompassed what we termed
4 then to be the professional staff; in other words,
5 not operating individuals that were in chemical
6 plants, refineries and running operations. It
7 would have been for people that we hired in from
8 college campuses and the like and then up from
9 there.

10 Q And were any actions taken as a result
11 of this project to ensure greater consistency?

12 A Yes.

13 Q Do you recall what those actions were?

14 A There was different terminology and
15 slightly different bands of compensation in
16 different places in the world, and even different
17 labels for those bands, so there was a -- there
18 was an agreement as to the labeling, the level and
19 the bands, although I would also point out that
20 the levels had to be yet very much geared towards
21 the market that this Operating Unit was in, so
22 clearly the pay system in Malaysia would not have
23 had the same base pay as the pay system in the
24 Netherlands, but the bands and the titling of
25 those bands spread between high and low on a
0048

1 LORIN BRASS, November 8, 2006

2 percentage basis could be made consistent.

3 Q Was there a percentage put in place on a
4 professional level similar to the one that was put
5 in place for the Senior Executive Group?

6 A Well, for the Senior Executive Group I
7 described work on the performance factor. For
8 this group I described consistency for grade
9 levels and for spreads around those grade levels
10 which actually had nothing to do with incentive-
11 based, performance-based pay, nor did I do
12 anything with the performance-based pay for the
13 rest of these grade levels.

14 Q Why was that?

15 A I simply was not asked to do that.

16 Q Do you know whether or not, with these
17 other grade levels, there was a performance aspect
18 to their pay?

19 A Yes.

20 Q Do you know what it was?

21 A Only that it was obviously smaller than
22 the numbers we were talking about before.

23 Q You testified that you were also, during
24 this six-month period, looking into acquisition
25 candidates for E&P. Who were you asked to look
0049

1 LORIN BRASS, November 8, 2006
2 into that by?

3 A By Phil Watts and by Linda Cook.

4 MS. MARSHALL: Before we get into that,
5 maybe we can just take a five-minute break.

6 THE VIDEOGRAPHER: We are going off the
7 record. The time is 11:07 a.m.

8 (Whereupon, a short recess was taken.)

9 THE VIDEOGRAPHER: We are back on the
10 record. The time is 11:25 a.m.

11 BY MS. MARSHALL:

12 Q Mr. Brass, just before the break we were
13 starting to talk about the other six-month project
14 that you were asked to look into, which was
15 acquisition candidates for Exploration and
16 Production. How was that project described to
17 you?

18 A To really look at the entirety of
19 possibilities for Shell to acquire an Exploration
20 and Production-related company or sole company --
21 doesn't have to be just E&P -- and map that
22 against certain criteria that we would be wanting
23 in an acquisition target.

24 Q Who described the project to you?

25 A Linda Cook.

0050

1 LORIN BRASS, November 8, 2006

2 Q What was her role at the time?

3 A She was head of EPB, an E&P group that
4 did business development activities as well as
5 other activities.

6 Q And what was Phil Watts' role at the
7 time?

8 A He was the head of Exploration and
9 Production.

10 Q What were the criteria against which you
11 were asked to map out the different possibilities?

12 A I won't remember them specifically, but
13 they included things like their production levels,
14 their costs, where they had properties around the
15 world, and that's a key one, because that mapped
16 then to our preference as to where we'd like to
17 have our portfolio levels of concentration. We
18 would look at the size of the company in terms of
19 their people. I mentioned production costs.
20 Clearly reserves are always part of that look. I
21 guess those would be the primary factors.

22 Q When you say "production levels," did
23 you have any specific criteria?

24 A We had a pretty broad range to start
25 with. We were generally looking, though, for

0051

1 LORIN BRASS, November 8, 2006
2 things that made a bit more of a material impact
3 on Shell, so we weren't looking at the very, very
4 small companies, we were looking at a level
5 mid-range, and we were not looking at the very
6 large companies, so in general it was sort of the
7 mid-range of companies that had E&P activities.

8 Q Were you more interested in companies
9 that had more developments in the exploration
10 phase as opposed to the production phase, or was
11 there any difference?

12 A We had some preference for those
13 companies that had growth opportunities or
14 opportunities to continue their, their production
15 levels or grow them, so yeah, that would be those
16 that had a bit more of an exploration slant. We
17 were also at the time quite keen on gas. Not that
18 we didn't like the oil, but there was a slight
19 preference for companies that had a relatively
20 gassy portfolio.

21 Q Why is that?

22 A We, we had a view of the value, going
23 forward, of gas and gas assets that was quite,
24 quite strong, and we believed we had technologies
25 and capabilities especially related to Liquified

0052

1 LORIN BRASS, November 8, 2006

2 Natural Gas and the like that were perhaps a
3 competitive advantage at that time.

4 Q Did you get a sense that there was a
5 feeling from E&P that there was something lacking
6 in the current portfolio when you started this
7 project?

8 MR. CLARK: Objection to form.

9 BY MS. MARSHALL:

10 Q You can answer the question.

11 A No, there was, there was not a specific
12 or even a general view that there was a need to do
13 something. There was a desire to look at the
14 possibilities.

15 Q Now, when you said that reserves was an
16 element of the criteria, can you explain what you
17 meant by that.

18 A In the oil and gas business, things like
19 production and reserves, cost levels, investment
20 levels are just always key parameters you look at.

21 Q When you were looking at the reserves of
22 potential acquisitions, was there anything in
23 particular that you were focusing on?

24 A Just, as I mentioned earlier, a slight
25 preference for gas or oil.

0053

1 LORIN BRASS, November 8, 2006

2 Q In terms of the location of the
3 properties, which locations were those that were
4 preferred geographically?

5 A You're testing my memory a bit here.
6 It's a while back. In general, it's helpful to
7 have properties that are somewhat adjacent to your
8 existing fields so that the overall costs can be
9 shared and there can be synergies in the
10 acquisitions, so we, we liked things that had some
11 North Sea presence. We actually had a pretty good
12 position with leases and activities already in the
13 Gulf of Mexico, so that wasn't necessarily a key
14 spot. We had existing operations and we liked a
15 lot of the fields and resources in the West Coast
16 of Africa. There was some attractiveness in South
17 America at that time, particularly around gas

18 assets, the likes of Brazil and Argentina.

19 (Discussion was held off the record.)

20 THE WITNESS: Those are examples. That
21 shouldn't be taken as the complete list.

22 BY MS. MARSHALL:

23 Q When you say "we had existing operations
24 and we liked a lot of the fields and resources on
25 the West Coast of Africa," does that mean that you
0054

1 LORIN BRASS, November 8, 2006

2 weren't specifically looking for possibilities in
3 the West Coast of Africa, or you were looking in
4 the West Coast of Africa?

5 A We were, with perhaps a little less
6 emphasis on Nigeria, because we actually had quite
7 a good lease position offshore, and we certainly
8 had a very significant position onshore that we
9 weren't looking to expand.

10 Q Was there any particular reason that you
11 weren't looking to expand that position?

12 A "That position" meaning --

13 Q Nigeria.

14 A -- Nigeria? Simply because Nigeria
15 already was a very significant part of our
16 existing portfolio, and when one looks at an
17 Exploration and Production property, you like to
18 be able to spread your activities so if there are
19 disappointments in one area, you don't have all
20 your concentration in that particular area. So
21 our position in Nigeria was fine. We liked our
22 position in Nigeria. There was no need to try to
23 expand that position in Nigeria, except again in
24 the offshore where we currently had a pretty nice
25 lease position. If that ever changed, we would be
0055

1 LORIN BRASS, November 8, 2006

2 perhaps more interested in the offshore
3 activities.

4 Q As part of this project were you also
5 asked to look at whether or not there were
6 locations or developments that the company should
7 divest from?

8 A Not in the very beginning of the

9 project. That clearly became the question as the
10 projects progressed, knowing that once you have
11 acquired a company, it's actually a great
12 opportunity to high grade your entire portfolio,
13 so having -- if you were to have bought something,
14 then the question is: Well, what will you be
15 divesting at that point in time?

16 Q In part of your analysis of potential
17 acquisitions did you ever look into the volume of
18 proved reserves specifically with respect to those
19 developments?

20 A I would say we always looked at
21 reserves, all categories that we could, from
22 public information. It was, it was always part of
23 our data-gathering for these companies.

24 Q If a potential acquisition had a large
25 percentage of proved reserves, would that be a

0056

1 LORIN BRASS, November 8, 2006

2 positive factor in your evaluation?

3 MR. CLARK: Objection.

4 MS. MARSHALL: He can answer the
5 question if he understands it.

6 MR. CLARK: If he understands it.

7 THE WITNESS: I actually don't know what
8 you mean by -- percentage of what?

9 BY MS. MARSHALL:

10 Q Well, percentage of proved reserves with
11 respect to total, you know, all other reserves.

12 A Actually, no, because that would mean
13 that the portfolio might be relatively mature, and
14 we would prefer to be able to have portfolios that
15 we can use our technical expertise and
16 capabilities to grow.

17 Q So what would be an ideal acquisition in
18 terms of reserves or what would have been an ideal
19 acquisition in terms of reserves, if you can
20 describe what that would have been?

21 MR. CLARK: Objection to form.

22 THE WITNESS: It's a very difficult one
23 to -- every company comes with a different
24 package, so as I said earlier, it would be one
25 that had possibilities for further expansion and

0057

1 LORIN BRASS, November 8, 2006

2 growth, so good leasehold positions, a lower
3 rather than higher proved total reserve ratio, and
4 I'm not going to be able to quote a number. It
5 would have a little gassier portfolio in terms of
6 both production and reserves, and it would have
7 operations that at least some, not necessarily
8 all, were close to existing, existing operations.
9 And in general the portfolio would be located such
10 that we would end up liking, in preferred
11 locations, and therefore have to divest very
12 little of this newly acquired company.

13 BY MS. MARSHALL:

14 Q Had there been anybody within E&P prior
15 to your involvement in this project who was
16 charged with the responsibility of looking at
17 potential acquisition candidates?

18 A I would say that E&P and the rest of the
19 Shell Companies routinely look at acquisition
20 candidates. It turns out that at this exact point
21 in time we hadn't done a really thorough look at
22 all available targets. There had been specific
23 looks at other candidates prior to me starting
24 this project, but I was asked to just open the
25 window very wide and, if you will, kind of start

0058

1 LORIN BRASS, November 8, 2006

2 from scratch, although we had some back
3 information from prior looks, but take a look at
4 the universe of opportunities, narrow it down to
5 those we really liked.

6 Q What were the -- what was the exact time
7 frame of this project if you recall?

8 A It would have started in the fall
9 of '99, September/October time frame, and then it
10 continued on for -- in various different forms for
11 two or three years.

12 Q So it wasn't limited to a six-month
13 window?

14 A No.

15 Q Did you -- didn't you need to work on
16 this the entire time that you remained in that

17 position?

18 A Yes.

19 Q What was your title at that time?

20 A Manager Special Projects E&P.

21 Q Did your title change at some point
22 during that two- or three-year period?

23 A Yes.

24 Q What did it change to?

25 A I became Director, Head -- I forget

0059

1 LORIN BRASS, November 8, 2006
2 which title -- of EPB in January of 2000, and EPB
3 was the same position I described Linda Cook was
4 in, which had the accountability for Business
5 Planning, Strategy and Business Development, which
6 is where the acquisition piece fit in.

7 Q And what position did Linda Cook move
8 to?

9 A She became the head of Gas and Power,
10 although Phil Watts still had both Gas and Power
11 and E&P within his sphere of control, but Linda
12 was asked to run the Gas and Power Business.

13 Q So the title that had something to do
14 with head of Special Projects, that was a title
15 you had just through the fall of '99 until January
16 of 2000?

17 A Yes.

18 Q Okay. When you were looking at
19 acquisition candidates for E&P, did you have a
20 team of people assisting you in that process?

21 A Yes.

22 Q Who was on that team?

23 A I only will be able to remember one or
24 two names --

25 Q That's fine.

0060

1 LORIN BRASS, November 8, 2006
2 A -- and David Lewellen was one of those.
3 After January 1st, Jim Mair was one of those. And
4 in reality I'm going to run out of memory at that
5 point, but the core team was about, at the
6 beginning, five or six people.

7 Q Did the members of your team have

8 different specialties?

9 A Yes.

10 Q And what were those?

11 A One or two actually had acquisition
12 experience actually coming from other companies,
13 and we generally always pick up someone that has
14 technical knowledge, be it production type
15 technologies, reservoir type technologies,
16 geology, geophysics type technologies, and then
17 there's always a financial person on the team and
18 a legal representative on the team.

19 Q Do you recall who the individual was
20 that had the reservoir type technologies
21 expertise?

22 MR. CLARK: Objection.

23 THE WITNESS: No. I don't remember
24 anyway.

25

0061

1 LORIN BRASS, November 8, 2006

2 BY MS. MARSHALL:

3 Q That's okay. You would have had to
4 answer anyway.

5 Now, with respect to your
6 responsibilities related to looking at acquisition
7 candidates, I think you said before you reported
8 to Linda Cook and Phil Watts; is that correct?

9 A Yes.

10 Q Did that ever change?

11 A When, as of January 1st, 2000, and Linda
12 took the other job, then I was reporting singly to
13 Phil Watts.

14 Q Did you have regular meetings with him
15 to discuss the potential acquisitions?

16 A Yes.

17 Q How regularly would you meet with him?

18 A It varied through this stage or the
19 cycle we were in, and the early part of it would
20 have been roughly only monthly. Later when we got
21 closer to the possibility of doing something, it
22 would have been weekly and then eventually almost
23 daily.

24 Q Were acquisitions made as a result of

25 this project?

0062

1 LORIN BRASS, November 8, 2006

2 A Not as a result of this first phase.

3 The project ebbed and flowed, changed names,
4 changed people. The only significant acquisition
5 in this time frame we made was Enterprise Oil in
6 2002.

7 Q Before we go into that time period in
8 detail, why don't we finish going through your CV
9 and then we'll go back, just so the record is
10 clear.

11 You, you became the head of Strategy,
12 Planning and Business Development and Exploration
13 Production in 2000, correct?

14 A (Nods head affirmatively.)

15 Q How long did you hold that role?

16 A Until roughly May of 2003.

17 Q And what role did you assume in May of
18 2003?

19 A The Director, Global Director solely of
20 Business Development.

21 Q And how did that position differ from
22 your previous position?

23 A It dropped the responsibilities on the
24 strategy and planning piece and gave more and
25 global responsibility for Business Development.

0063

1 LORIN BRASS, November 8, 2006

2 Prior to that point in time, for major
3 acquisitions, we basically conducted those from my
4 organization. There were many other Business
5 Development activities going on around the world
6 of non-corporate acquisition style, and at that
7 time I had a skilled pool of people who worked on
8 those projects, but in that organizational
9 structure at that time those projects were the
10 responsibility of the Regional Business
11 Directorates, of which they were four around the
12 world.

13 Q This is prior to 2003?

14 A Exactly.

15 Q And what happened after May of 2003?

16 A All those separate Business Development
17 activities were rolled into one entity which then
18 reported up through me, so instead of having four
19 different Directors running Business Development
20 activities, those activities were more coordinated
21 under one organization.

22 Q How long did you hold that position?

23 A Until May of 2005.

24 Q When you assumed that position in May of
25 2003, who did you report to?

0064

1 LORIN BRASS, November 8, 2006

2 A Walter van der Vijver.

3 Q When you were head of Strategy, Planning
4 and Business Development and Exploration and
5 Production, at any point in time was Walter van
6 der Vijver also your Director? Did you report
7 directly to him?

8 A Walter took Phil's position in the late
9 spring of 2001.

10 Q So when you changed positions in May of
11 2003, you still reported to the same person?

12 A (Nods.)

13 Q You've got to say yes.

14 A Yes.

15 Q That's okay. And then in May of 2005
16 when you left, before you left that position were
17 you still reporting to Walter van der Vijver, or
18 had he left that position?

19 A He had left the company by May of 2005.

20 Q When did he leave the company?

21 A In early 2004.

22 Q And who assumed his position that you
23 then reported to?

24 A Malcolm Brinded.

25 Q And did Malcolm Brinded remain in that

0065

1 LORIN BRASS, November 8, 2006

2 position through May of 2005?

3 A Yes.

4 Q After May 2005 where did you go?

5 A To a newly formed group that solely was
6 looking at acquisitions and some divestments from

7 the totality of Shell, so it was a newly formed
8 group that not only looked at acquisitions for
9 exploration and production, which I had done
10 before, but now it was looking at corporate
11 acquisitions that spanned the various businesses,
12 Oil Products, Chemicals, et cetera.

13 Q And was this business, did it have a
14 particular name?

15 A It was -- it was the accountability of
16 Adrian Loeder who had a few more elements to his
17 responsibility than just this unit. This unit was
18 simply called Business Development.

19 Q Where was it located?

20 A In The Hague.

21 Q How long did you stay with that group?

22 A Until the end of May 2006.

23 Q Where did you go from there?

24 A Retired to Lenox, South Dakota.

25 Q And you're currently retired?

0066

1 LORIN BRASS, November 8, 2006

2 MR. CLARK: To 278th Street.

3 BY MS. MARSHALL:

4 Q Congratulations.

5 A Thank you.

6 Q Now, was that a planned retirement?

7 A Yes.

8 Q So you left the company on good terms?

9 A Yes.

10 Q Now, going back to 2000 when you became
11 the head of Strategy, Planning and Business
12 Development and Exploration and Production, did
13 your responsibilities change at all during the
14 time that you held that position?

15 A So from January 2000 to May of 2003?

16 Q May of 2003.

17 A No.

18 Q Did you report to anybody other than
19 first Phil Watts and then Walter van der Vijver?

20 A No. I think I'd like to just interject,
21 however --

22 Q Sure.

23 A -- that these acquisition candidates and

24 projects continued, as I said, through this
25 period, so I was leading this portion called EPB;

0067

1 LORIN BRASS, November 8, 2006

2 however, I was also usually very active when there
3 was an acquisition possibility, especially near
4 the time of an actual approach. So there were
5 times in which I would be seconded to Team
6 Headquarters outside of The Hague, perhaps in
7 different locations, when it was close to a time
8 in which we might approach a company. So for
9 instance, I was in London prior to the Enterprise
10 acquisition, which we started in Easter or April
11 of 2002, but I basically resided in London from
12 November of 2001 to July of 2002. I still
13 reported to the people we talked to, but my
14 activity level shifted dramatically when I was
15 heavily involved during times of activity on
16 acquisitions.

17 Q Did anybody assume the responsibilities
18 that you had as head of Strategy, Planning and
19 Business Development other than the acquisition
20 responsibilities when you were away from The Hague
21 and working on these acquisitions?

22 A No. We considered that, but in every
23 case we decided not to try to bring someone in,
24 because it was always high uncertainty how long
25 this would last, and hence those people reporting

0068

1 LORIN BRASS, November 8, 2006

2 to me were asked to take the extra effort to be
3 running not only their group but to collectively
4 work toward the whole of EPB.

5 Q Now, who reported to you during this
6 period from January 2000 to May 2003?

7 A At the beginning, Jim Mair was the head
8 of Acquisitions, Roelof Platenkamp was the head of
9 Strategy and Planning, Mark Leonard was the head
10 of Business Development. I think it was only
11 those three reporting to me at that time.

12 Q And did those individuals change over
13 the course of the two and a half years?

14 A Only Roelof was replaced by John Bell,

15 and I believe that was somewhere in early 2001.

16 Q What was your involvement with respect
17 to reserves when you were the head of Strategy,
18 Planning and Business Development or E&P?

19 A The Reserves Coordinator was in my
20 organization, and through his activities, which
21 were the collection of the reserve information
22 globally, we coordinated the Reserve Report, and
23 in that process I, along with generally either the
24 CEO or the CFO, would sign the Letter of
25 Representation regarding reserves to the auditors,

0069

1 LORIN BRASS, November 8, 2006

2 to the External Auditors.

3 Q And who was the Reserves Coordinator in
4 2000?

5 A I believe it was Remco Aalbers.

6 Q Prior to assuming this position, had you
7 had any responsibilities with respect to reserves
8 reporting?

9 A The prior jobs I had, which I mentioned
10 as we went through, had only an element of that in
11 that I had a Reservoir Engineering Group in my
12 organization from time to time. That being said,
13 there was, at that time in the U.S., functional
14 leaders of which Reservoir Engineering had a
15 functional leader as well, which had oversight to
16 the engineering discipline as well as the
17 development of the Reserve Report. So I had no
18 direct involvement in the reserve reports at that
19 time.

20 Q Meaning prior to 2000?

21 A Right.

22 Q Had you had any training with respect to
23 reserve reporting prior to 2000?

24 A No.

25 Q When you assumed your position in 2000

0070

1 LORIN BRASS, November 8, 2006

2 at E&P, did you receive any training with respect
3 to reserves reporting?

4 A No.

5 Q Have you ever received any training with

6 respect to reserve reporting?

7 A No.

8 Q How would you describe your knowledge of
9 the SEC Guidelines, I mean the Shell Guidelines
10 with respect to reserve reporting or with respect
11 to characterization of reserves in 2000 when you
12 assumed your position as the head of Strategy,
13 Planning and Business Development and E&P?

14 MR. CLARK: Objection to form.

15 BY MS. MARSHALL:

16 Q You can answer the question if you
17 understand it.

18 A Maybe perhaps it would help just to
19 rephrase it a little bit.

20 Q Sure. Were you aware of the Shell
21 Guidelines with respect to reserve reporting and
22 characterization when you assumed your position in
23 2000 at E&P?

24 A I was aware there were Guidelines.

25 Q Well, what did you know about those

0071

1 LORIN BRASS, November 8, 2006
2 Guidelines at that time, in January of 2000?

3 A Very little.

4 Q Had you seen them?

5 A I actually don't recall.

6 Q What did you understand those Guidelines
7 to be in January of 2000?

8 MR. CLARK: Objection to form.

9 BY MS. MARSHALL:

10 Q You can answer the question.

11 A Yeah, maybe again you could help me with
12 just a different phrasing.

13 Q Sure. Did you -- well, I think you
14 testified that you were aware there were
15 Guidelines.

16 A Right.

17 Q Did you have any understanding of what
18 those Guidelines were?

19 MR. CLARK: Objection to form.

20 THE WITNESS: They were the Guidelines
21 by which -- disseminated to all the Operating
22 Units of the Group, which gave direction to the

23 Operating Units how to, how to categorize and book
24 their reserves.

25

0072

1 LORIN BRASS, November 8, 2006

2 BY MS. MARSHALL:

3 Q In January of 2000 were you aware of an
4 SEC rule with respect to reserves reporting?

5 A Yes.

6 Q How would you describe your level of
7 awareness in January of 2000 of that rule?

8 A Very little.

9 Q Did you know what the rule was?

10 MR. CLARK: Objection to form.

11 THE WITNESS: From my activities in the
12 United States, I was aware that SEC was the
13 authority, the entity by which reserves were
14 booked.

15 BY MS. MARSHALL:

16 Q Did you know anything about the criteria
17 for booking reserves that the SEC rule required?

18 MR. CLARK: Time frame?

19 BY MS. MARSHALL:

20 Q In 2000.

21 A Extremely generally.

22 Q By "extremely generally," maybe you
23 could help me understand what you mean.

24 A I was certainly aware you would have had
25 to have found, and to the extent -- to some extent

0073

1 LORIN BRASS, November 8, 2006

2 delineated the size of the reservoir and had
3 development plans in order to book reserves.

4 Q Did you know any more specifics than
5 that?

6 A Not that I can recall.

7 Q At any time during your tenure as head
8 of Strategy, Planning and Business Development at
9 E&P, did you gain a more specific understanding of
10 the SEC rule?

11 A Well, I had the experts in my
12 organization that did this work, and clearly I
13 would talk with them and work with them, and they

14 would indeed describe to me both the reserves that
15 they were getting the input from from the
16 Operating Unit, they would describe to me and give
17 me, along with the auditor, the information and
18 the assuery in order to be able to sign the
19 Letter of Representation on the reserves.

20 Q Who were the experts within your
21 organization on the SEC rule and reserves
22 classification?

23 A In January of --

24 Q From January, in January of 2000 through
25 May of 2003.

0074

1 LORIN BRASS, November 8, 2006

2 A Remco Aalbers again was Reserves
3 Coordinator. He reported through Roelof
4 Platenkamp.

5 Q Would you describe Roelof Platenkamp as
6 being one of the experts?

7 A I would. He had background in this
8 discipline, so he had expertise that was
9 well-known. And really the third person was the
10 Internal Auditor, Anton Barendregt. I guess I
11 considered those three to be the experts.

12 Q Was John Bell also an expert?

13 A He came after Roelof.

14 Q Would you also describe him as being an
15 expert in this field?

16 A Less so. He had more experience than I
17 had in the discipline, but less than Roelof.

18 Q Now, when you described the outside
19 auditors, who were you referring to?

20 A I was -- can't recall if at the time it
21 was KPMG or PricewaterhouseCoopers, but it was one
22 of those.

23 Q Did you have any interaction yourself
24 with representatives from either KPMG or PwC while
25 you were the head of Strategy, Planning and

0075

1 LORIN BRASS, November 8, 2006

2 Business Development at E&P?

3 A Yes.

4 Q Did you interact with one person or more

5 than one person?

6 A One, sometimes two.

7 Q Do you recall the name of that
8 individual?

9 A No.

10 Q Was it a man or a woman?

11 A Man.

12 Q Was the second person also a man?

13 A As I recall.

14 Q Did you meet with these people on a
15 regular basis?

16 A Really annually, and that was as a
17 result of the process of bringing the Reserve
18 Report together. They would talk very regularly
19 with the likes of Remco or Roelof and also would
20 talk with the CFO, who at the time was Dominic
21 Gardy, but I would usually talk with them really
22 when nearly all of the, all of the detailed work
23 had been accumulated.

24 Q Did you have any responsibilities with
25 respect to reserves prior to January of 2000, for
0076

1 LORIN BRASS, November 8, 2006

2 E&P?

3 A I guess I thought we --

4 Q I mean I'm just trying to clarify
5 between the end of 1999 and the beginning of 2000.
6 Was there any -- did you have any responsibilities
7 in the end of 1999 with respect to reserves?

8 A No.

9 Q So when you assumed your position in
10 2000, do you recall at what point the reserve
11 reporting was for that year?

12 MR. CLARK: Objection to form.

13 BY MS. MARSHALL:

14 Q You can answer.

15 A What I know is that by the end of
16 January we began the review of reserves for 1999.
17 I was not obviously around, nor did I know the
18 details of the work that had been done up until
19 January.

20 Q Did you do anything in January of 2000
21 to familiarize yourself with the process of

22 reporting reserves as it related to your
23 responsibilities?

24 A Just discussions with Roelof and Remco.

25 Q So when you first started in that
0077

1 LORIN BRASS, November 8, 2006
2 position, when did you first have discussion with
3 Roelof with respect to reserves?

4 A I don't recall the specifics, but it was
5 within the first three weeks of January.

6 Q Did the first conversations with Roelof,
7 did they also include Remco Aalbers, or did you
8 speak with them separately if you can recall?

9 A I don't recall.

10 Q What did you learn from them about the
11 process?

12 A Really only the status of where we were,
13 that the collection of data was essentially
14 getting towards completion, and that they would be
15 bringing the results of that to myself and
16 actually Linda Cook. Since Linda was actually in
17 the job in 1999, she would be responsible to sign
18 the letter for 1999.

19 Q Now, when you say "the letter of 1999,"
20 can you explain more specifically which letter
21 you're referring to.

22 A The comfort letter, the letter of
23 representation to the External Auditors.

24 Q What was the purpose of that letter?

25 A To, to share with the auditors our view
0078

1 LORIN BRASS, November 8, 2006
2 of the status of the reserves for the prior year,
3 whether there was any questions, whether there was
4 any issues, et cetera, but it's a letter of, that
5 represents -- to tell them our view of the
6 reserves for 1999.

7 Q Was it a letter that they required?

8 A I actually don't know.

9 Q Was there a period, like a handoff
10 period between yourself and Linda Cook, in the
11 beginning of 1999 -- in the beginning of 2000 with
12 respect to reserves?

13 A Yes, but very brief.

14 Q Did you have any discussions with her
15 about the, her experience with respect to reserves
16 reporting?

17 A Really the only time was -- the time we
18 talked more specifically about reserves is when
19 she and I sat with the people bringing the
20 conclusion of their work together, and therefore
21 she could review the reserves, I could take a look
22 at the reserves, and I actually don't recall if
23 that meeting was sitting side by side or if it was
24 an iterative process, but there was the event of
25 the technical staff and people working on the

0079

1 LORIN BRASS, November 8, 2006

2 reserves that would describe to each of us the
3 status of the reserves for the prior year.

4 Q When you say "the technical staff,"
5 would that, would that be Remco Aalbers?

6 A I'm referring to Remco and Roelof.

7 Q What were -- what was Roelof
8 Platenkamp's responsibilities as you understood
9 them to be at that time?

10 A He was head of Strategy, Planning and
11 Portfolio. There was a specific title that
12 included reserves coordination, but that was also
13 within his sphere of accountability.

14 Q Did he --

15 MR. CLARK: I think the witness says
16 there "wasn't" a specific title, and the record
17 said there "was."

18 MS. MARSHALL: Right.

19 THE WITNESS: Sorry.

20 BY MS. MARSHALL:

21 Q Do you recall -- strike that. Did he
22 report directly to you?

23 A Yes.

24 Q And did Remco Aalbers report directly to
25 you?

0080

1 LORIN BRASS, November 8, 2006

2 A No.

3 Q Who did he report directly to?

4 A I think he reported directly to Roelof.

5 Q Do you recall when the first time you
6 had a conversation with Phil Watts with respect to
7 reserves was?

8 A I don't remember the specific dates. It
9 would have been right at the end of January, early
10 February.

11 Q Do you recall the context of the
12 conversation?

13 A The first conversation was really only
14 around "what is the process that you're planning
15 on, Lorin, to bring me the reserve numbers."

16 Q So that was a conversation that he
17 initiated?

18 A Yeah, his e-mail that he initiated.

19 Q What was your response?

20 A I described to him the timing and the
21 sequence of the reviews that we had planned.

22 Q And how did you determine what that
23 timing and sequence was going to be?

24 A Relying on my staff, who, of course, had
25 done this several times, they had already a

0081

1 LORIN BRASS, November 8, 2006
2 program in place for the review with myself and
3 review with Phil and then the review with the
4 External Auditors.

5 Q And did ExCom play any role with respect
6 to this review?

7 A Yes.

8 Q And what role did ExCom play?

9 A Every year ExCom was given a
10 presentation on the results of the accumulation of
11 the reserve data for the prior year.

12 Q And what was your role with respect to
13 that presentation, now that you were the head of
14 Strategy, Planning and Business Development and
15 Exploration and Production?

16 A I would have been the reviewer of the
17 presentation.

18 Q And who was responsible for giving the
19 presentation?

20 A In January in 2000, Roelof was.

21 Q Why was that -- was that standard for
22 his function?

23 A Yes.

24 Q Now, when you say you would have been a
25 reviewer of the presentation, would you have
0082

1 LORIN BRASS, November 8, 2006
2 reviewed the presentation prior to it being made?

3 A Yes.

4 Q And would you have reviewed the
5 presentation around the same time as you reviewed
6 the report from Remco Aalbers?

7 A In about the same time frame I would
8 have reviewed the report from Remco prior to the
9 review of the presentation.

10 Q Do you have any recollection of
11 reviewing the report from Remco in January of
12 2000?

13 A Only that it happened, but really none
14 of the details.

15 Q Do you recall who was present during
16 that review process?

17 A I don't.

18 Q And do you recall whether there were any
19 particular questions or issues that came up during
20 that review?

21 A Yes.

22 Q And what were those?

23 A Those are the ones really we highlighted
24 in the presentation to ExCom pertaining to really
25 a number of things. One of the key issues was --
0083

1 LORIN BRASS, November 8, 2006
2 one of the key issues was around the first-time
3 booking of mining reserves in Canada. Another one
4 had to do with an area that, as an American, I had
5 no decisions around, and that was the proper way
6 to handle the reserves for Iran. Another was
7 around the license extensions that might be
8 required in areas like Nigeria, Nigeria and
9 Brunei.

10 Q Do you recall any other issues that came
11 up during that review process, off the top of your

12 head?

13 A No. There had been, there had been
14 divestments in the prior year, so there was also
15 the situation of -- but that really isn't a big, a
16 big issue, simply those get reported with or
17 without the divestments anyway.

18 MS. MARSHALL: I think we're going to
19 have to take a break, because we need to change
20 the videotape.

21 THE VIDEOGRAPHER: This marks the end of
22 Tape 1 in the deposition of Mr. Brass. We are
23 going off the record. The time is 12:21 p.m.

24 (Whereupon, the lunch recess was taken.)

25 THE VIDEOGRAPHER: This marks the
0084

1 LORIN BRASS, November 8, 2006
2 beginning of Tape 2 in the deposition of
3 Mr. Brass. We are back on the record. The time
4 is 1:34 p.m.

5 BY MS. MARSHALL:

6 Q Mr. Brass, I think before the break we
7 were talking about the key issues you recall from
8 your first conversations with Remco Aalbers
9 regarding the reserves for 1999. You mentioned
10 the license extensions that might be required in
11 Nigeria and Brunei. Do you recall what you --
12 what do you recall about those conversations?

13 A Perhaps I would say that the
14 conversations there and the conversations related
15 to the presentation itself all kind of come
16 together for me, but the license extension issue
17 is around the ability, or potentially lack
18 thereof, to produce all the proved reserves within
19 the time frame of the existing licenses.

20 Q And the countries that you recall that
21 discussion being centered around were Nigeria and
22 Brunei; is that correct?

23 A Yes, those were the two significant
24 ones.

25 Q Were there others that you don't recall?
0085

1 LORIN BRASS, November 8, 2006

2 A Yes.

3 Q Do you recall what any of them were, or
4 do you just recall that there were others?

5 A Right.

6 Q Do you recall Oman being discussed
7 during these conversations?

8 A Oman was discussed. I guess I again get
9 confused whether it was during this discussion or
10 a subsequent discussion, but Oman was discussed.

11 Q Do you recall there being any particular
12 issues relating to Oman that were discussed during
13 that time period? And again we're in January of
14 2000.

15 A Yeah, again I guess I couldn't pin it to
16 the date as much as to the discussion. The
17 discussion is similar, given that PDO had
18 plateaued in production.

19 Q And what was relevant about the fact
20 that PDO had plateaued in production?

21 A As I said, it's really just the same
22 issue, just simply the question of the license
23 extension, whether or not the proved reserves can
24 be produced within the period of the license.

25 Q Was this the first time you became aware
0086

1 LORIN BRASS, November 8, 2006
2 of this issue with respect to proved reserves?

3 A Yes.

4 Q And did you speak with anybody other
5 than Mr. Platenkamp and Mr. Aalbers about this
6 issue prior to the presentation?

7 A I don't recall.

8 Q Who put together the actual
9 presentation?

10 A I actually don't know. Roelof discussed
11 it with me.

12 Q Did he have any particular concerns with
13 respect to the presentation that you can recall?

14 A He didn't so much have concerns about
15 the presentation as to just the issues themselves
16 around the topics we just discussed.

17 Q Did the CMD have any role in the
18 reserves reporting as you understood it at that
19 time? If there was going to be a presentation to

20 ExCom, was there any procedure by which this
21 information was going to be communicated to the
22 CMD if you know?

23 MR. CLARK: Objection to form.

24 BY MS. MARSHALL:

25 Q You can answer.

0087

1 LORIN BRASS, November 8, 2006

2 A I'm again a little bit struggling with
3 time frames. We presented reserves information to
4 the CMD. I don't recall if that was at this time
5 or a later time.

6 Q Which would come first; a presentation
7 to ExCom or a presentation to the CMD?

8 A Usually ExCom.

9 Q Do you recall participating in any
10 presentations to the CMD in the early part of
11 2000?

12 A No.

13 Q Were you a member of the ExCom?

14 A Yes.

15 Q And when did you become a member of the
16 ExCom?

17 A In January 2000.

18 Q And did the membership with the ExCom go
19 hand in hand with your assuming this new position
20 in January of 2000?

21 A Yes.

22 Q Was it customary for the person in the
23 position that you were assuming to be a member of
24 ExCom?

25 A Yes.

0088

1 LORIN BRASS, November 8, 2006

2 Q So you assumed Linda Cook's position on
3 ExCom in January of 2000?

4 A Yes.

5 Q How long did you remain a member of
6 ExCom?

7 A Until May of 2005.

8 Q What did you understand the role of
9 ExCom to be, the organization?

10 A For the organization in 2000?

11 Q Yeah, I mean did it change between 2000
12 and May 2005?

13 A No. Individuals' roles changed, but the
14 purpose, the function of the ExCom did not.

15 Q So what did you understand the function
16 of the ExCom to be then during that time period
17 that you were on it?

18 A It became the leadership -- it was the
19 leadership team of Exploration and Production. It
20 agreed to the strategy of E&P; it developed and
21 agreed to a Business Plan for E&P; it reviewed and
22 took actions as a result of the results, be it
23 financial or operational, of E&P; it decided on
24 levels of expenditure for E&P.

25 Q Did the ExCom meet regularly?

0089

1 LORIN BRASS, November 8, 2006

2 A Yes.

3 Q How regularly?

4 A In 2000, as I recall, it was
5 approximately monthly.

6 Q When there were decisions to be made at
7 the ExCom level, were they made by the group
8 collectively?

9 A The process, as I remember it, is that
10 there was -- for those that needed decisions and
11 could be taken at the level of the ExCom,
12 financially and otherwise, debate would be --
13 issues would be discussed that had been given
14 pre-read into the ExCom materials. Everyone was
15 looked to for their views, and at the conclusion
16 of which typically, while Mr. Watts, Phil Watts,
17 was on the Chair, to be sure, he many times went
18 around the room and asked everyone their views,
19 and then he stated the decision.

20 Q So it was not a democracy?

21 A It was not a democracy.

22 Q What types of decisions could be made at
23 the ExCom level? It might be better to ask what
24 type of decisions couldn't be made at the ExCom
25 level but needed to be made at a higher level.

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1 LORIN BRASS, November 8, 2006

2 A Investments over a certain amount, and I
3 guess at the moment I can't recall whether that
4 amount -- there was delegations of authorities
5 that only allowed ExComs to a certain level, above
6 which you had to go higher in the organization or
7 to the Board of Directors. The Business Plans,
8 although they were agreed to at ExCom, needed to
9 be agreed to at CMD and eventually to the Board
10 itself, so everything that went into a budget and
11 a Business Plan was, was finally approved at the
12 highest level. Most all operational activities,
13 decisions were made, you know, at ExCom or below,
14 and as I said, investments below a certain level
15 were agreed to and made at that level and below.
16 So once a budget and a Business Plan was put in
17 place, the ExCom was asked to perform on that.
18 And if you're performing within the boundaries of
19 those budgets and business plans, basically the
20 decisions could be made at the ExCom level.

21 Q Do you recall if decisions were made on
22 the ExCom level with respect to reserves
23 reporting?

24 A Reserves reporting was discussed with
25 the ExCom, and in typical fashion, Phil would talk
0091

1 LORIN BRASS, November 8, 2006
2 to people or ask people their views. He would
3 make -- he would make a decision. Of course, that
4 decision would eventually end up running through
5 to the internal and external auditors and
6 eventually end up with needing approval by the
7 Group Controller in addition to Phil. I, I guess
8 I can't recall and don't remember how Phil
9 discussed those or sought any other approval for,
10 from CMD or the Chairman of the CMD or the Board.

11 Q Who was the Group Controller in 2000 if
12 you can recall?

13 A I am going to suggest a name, but I have
14 to say that it's not a firm answer.

15 Q Okay.

16 A I think it was Rupert Cox.

17 Q Were you involved at all in the process
18 by which the approval went by the Group

19 Controller?

20 A No. My involvement was through EPB and
21 to the External Auditors, and I said -- and as I
22 mentioned earlier, myself and the CFO were
23 essentially linked together in this process. The
24 CFO would actually be the one that would carry it
25 on through to the Group Controller, through the
0092

1 LORIN BRASS, November 8, 2006

2 finance function up to the Group Controller.

3 Q I think I asked you this before, but if
4 you could just remind me who was the CFO in 2000.

5 A Dominic Gardy.

6 Q How long did he remain in that position
7 if you remember?

8 A Yeah, I don't remember precisely. It
9 would have been in the order of two years while I
10 was there.

11 Q Do you know who assumed his position
12 after he left it?

13 A Frank Coopman.

14 Q Did you have regular contact with
15 Dominic Gardy?

16 A Yes.

17 Q How regular?

18 A It would be quite rare if a day went by
19 without a discussion.

20 Q Do you recall the first time that you
21 discussed reserve reporting with him?

22 A With Dominic?

23 Q Yeah.

24 A No, not precisely.

25 Q Did he also meet with the External
0093

1 LORIN BRASS, November 8, 2006

2 Auditors?

3 A I can't recall if he did. It would be
4 typical to do so, but I can't recall if he did.

5 Q Is he somebody that you consider to be
6 knowledgeable about the Shell Guidelines for
7 reserves?

8 A He would be generally knowledgeable. His
9 background would not have been of the extent of

10 the other technical experts that I mentioned,
11 Roelof, Anton, Remco. His background wasn't in
12 that area of expertise.

13 Q Now, earlier you also identified that
14 reserves for Iran was a subject of the first
15 discussions you had with Remco Aalbers regarding
16 reserves. Do you recall what the nature of those
17 discussions were? What was the issue with Iran?

18 A The issue with Iran was around the
19 sensitivity of entitlement or ownership of
20 reserves. The issue is not around whether they
21 were proved reserves; it was only around the
22 contractual arrangements and sensitivity with the
23 government relating to the entitlement of the
24 reserves.

25 Q And what was the nature of the

0094

1 LORIN BRASS, November 8, 2006
2 sensitivity if you can recall?

3 A I'll distance myself a little bit
4 further away, because I, of course, was never in
5 the detailed discussions about that country as an
6 American.

7 Q Can you explain why so the record is
8 clear on that?

9 A Because of all the sanctions against
10 Americans doing any kind of activities toward
11 Iran, so I was not involved with a lot of those
12 detailed discussions.

13 Could you repeat the question.

14 Q What was the nature of the sensitivities
15 if you can recall?

16 A As I recall, it was our concern that if
17 we reported those reserves, it might upset the
18 Iranian government to see those reserves reported
19 on our budget, if you will, our entitlement.

20 Q Was there a concern that that would
21 violate the contractual arrangement with Iran?

22 A Not that I'm aware of.

23 Q Why was there a concern that it would
24 upset the Iranian government to see the reserves
25 reported on Shell's budget?

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1 LORIN BRASS, November 8, 2006

2 A I don't think I know enough details that
3 drove, you know, our, our sensitivity in that
4 regard.

5 Q Did Shell want to report the reserves as
6 proved reserves --

7 A Yes.

8 Q -- but for the sensitivity?

9 A Yes.

10 Q Why is that?

11 A Because they were legitimate, proved
12 reserves that we had invested in to develop, and
13 hence we felt that the ability to show them as
14 part of Shell's reserves is in sync with our
15 willingness to invest to develop it.

16 Q Do you recall what the resolution of
17 this issue was?

18 A Time frame?

19 Q Was it resolved in 2000? Was a decision
20 made?

21 A Yeah, the initial decision at the ExCom
22 meeting, et cetera, that I was not part of
23 hesitated to put those on our books. Eventually,
24 however, that was reversed, and indeed those
25 reserves were shown, albeit with appropriate

0096

1 LORIN BRASS, November 8, 2006

2 footnotes, et cetera, in the reports.

3 Q Were they called another type of
4 reserves, like "pseudo-reserves"?

5 A No. "Pseudo-reserve" was in some of our
6 internal documents. I don't think we called them
7 that in any external publications; however, there
8 was a different notation made about them.

9 Q So internally you referred to them as
10 "pseudo-reserves"?

11 A Yeah, and that's only because of this
12 sensitivity. It had nothing to do with our -- in
13 our assessment, anyway -- to the fact that they
14 were proved reserves.

15 Q Do you know whether or not, after the
16 reserves were reported, there was any
17 ramifications or reaction by the Iranian

18 government?

19 A To my awareness, no.

20 Q Now, you said that when Watts chaired
21 the ExCom, he would go around the table,
22 eventually make a decision. Was there a time that
23 you were on ExCom when he wasn't the Chair of
24 ExCom?

25 A Yeah, when Walter van der Vijver took
0097

1 LORIN BRASS, November 8, 2006

2 his position.

3 Q When Walter van der Vijver took his
4 position, were ExCom meetings run differently than
5 they had been run when Phil Watts was the Chair?

6 A Is that to mean around the way decisions
7 were made?

8 Q Yes.

9 A Not really. Walter continued in about
10 the same style in that regard that Phil did.

11 Q Did the way the meetings were run change
12 when Walter took over for Mr. Watts?

13 A Somewhat, but the content was exactly
14 the same. He was hoping to not have to meet so
15 frequently, so there was an adjustment made to, to
16 the frequency in which we met. However, as I
17 recall, it reverted back to nearly as many
18 meetings as we had before. Simply a lot of things
19 to do as an ExCom. Phil -- Phil's style was to
20 welcome staff members who had performed the work
21 to come into the room and hear the debate, make
22 their presentation. There was also a bit of the
23 philosophy that it gave the ExCom members ability
24 to see staff that are coming through the
25 organization and look at their performance in that
0098

1 LORIN BRASS, November 8, 2006

2 regard. Walter was just a bit more closed on
3 that. I'm not saying it was right or wrong, but
4 it wasn't quite necessarily as frequently that we
5 would have the same number of people in the room.
6 The tenor of the discussion I would say is,
7 though, largely the same, and the style -- and as
8 I said, the style of the decision-making was

9 largely the same. Walter would make sure that
10 everybody's voice was heard before a decision was
11 made.

12 Q How would you describe your relationship
13 with Phil Watts?

14 A Very business-like. It was frequent
15 interaction, but again it was very much always
16 around business itself, which was fine. That's
17 not an issue per se. Phil was a very hard-driving
18 individual, and so I had to adopt to his style and
19 to his level of need for information, level of
20 need for answers to questions, again all doable to
21 do, but it was an adjustment.

22 Q Was 1999/2000 the first time you had any
23 interaction with Mr. Watts?

24 A No.

25 Q When did you first interact with him?

0099

1 LORIN BRASS, November 8, 2006

2 A It probably would have been in 1998,
3 because I only moved to the Hague in late 1997,
4 and when I moved to The Hague, accessibility in
5 being introduced or discuss things with these
6 individuals was much more, much more frequent than
7 having been in Houston.

8 Q Did you have any meetings or official
9 interaction with -- reason to interact with
10 Mr. Watts prior to the end of 1999 and the
11 beginning of 2000?

12 A All during the six-month assignment I
13 certainly did, because I was in E&P and working on
14 projects that involved him. In my prior role
15 there was some interaction, because I did try to
16 meet with all the heads of the businesses from a
17 service provision point of view, understand their
18 needs, their concerns, et cetera.

19 Q What was your relationship with Walter
20 van der Vijver like?

21 A When we first started communicating, I
22 was a bit taken by his approach, largely in his
23 directness and his style of communication, and a
24 lot of this is because I didn't know him at that
25 time and found it to be quite, uh, quite abrasive.

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1 LORIN BRASS, November 8, 2006

2 However, there, too, as a service to provider,
3 when I sat with him and talked to him, it was
4 really an entirely different environment, very
5 welcoming, very open, very easy to talk to and
6 discuss things with. And so over a period of
7 time, once I got to understand the style, et
8 cetera, I think my relationship with Walter was
9 very, very good.

10 MS. MARSHALL: I'm going to show you a
11 document that we'll mark as Brass Exhibit 1 for
12 identification. It bears Bates Number V00370938.
13 I'm going to ask you to take a look at it and ask
14 you some questions.

15 (Exhibit No. 1 was marked for
16 identification and attached to the deposition
17 transcript.)

18 THE WITNESS: All right.

19 BY MS. MARSHALL:

20 Q Do you recognize this e-mail exchange?

21 A Yes.

22 Q Do you recall -- looking at the e-mail
23 at the bottom, you know, the second e-mail first,
24 do you recall receiving this e-mail on December --
25 not specifically recall, but do you have any

0101

1 LORIN BRASS, November 8, 2006

2 recollection of receiving this e-mail in December
3 of -- December 20, 1999?

4 A I do through now looking at this
5 document, yes.

6 Q Okay. What is Exploration FRD?

7 A Shell had developed a particular process
8 that was geared towards improvement of
9 performance, and "FRD" stands for "Focused Results
10 Delivery," and in that process we targeted certain
11 areas of the company, as I mentioned, that needed
12 performance improvement in our minds. Exploration
13 happened to be this one; however, we did it with
14 many other parts of the business. It was a very
15 intensive, defined period of time with a defined
16 process, relatively short, three, four months, I

17 can't recall the exact time, perhaps as much as
18 six, but certainly not, not a very long process,
19 where a small group of individuals would be
20 seconded away or isolated such that they could
21 devote their entire time to the analysis and
22 understanding and eventually recommendations on
23 how to improve this part of the business.

24 Prior to my coming there, they had
25 decided to do -- let me correct that. I'm not

0102

1 LORIN BRASS, November 8, 2006

2 sure exactly when it was decided to do an
3 Exploration FRD, but he is here referring to his
4 interaction with that team that was doing the
5 Focused Results Delivery work.

6 Q Do you know if that Exploration FRD had
7 been completed as of the time of this e-mail, or
8 was it ongoing?

9 A It was ongoing.

10 Q Do you know when it was completed?

11 A I won't recall specifically. I'm
12 believing and thinking it was before the middle of
13 2000, middle of 2000. I'm linking it to some
14 other events just to target perhaps in the
15 April/May time frame of 2000.

16 Q Did you participate in this Exploration
17 FRD?

18 A The Exploration FRD would have some
19 reviewers/sponsors, and I was one of those. I was
20 not the only one. I was one of those.

21 Q When did you become a sponsor of this?

22 A Oh, man. I don't recall.

23 Q Was it in 1999 or was it in 2000?

24 A No, it was in 2000, but I don't recall

25 the --

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1 LORIN BRASS, November 8, 2006

2 Q Was this -- had you been aware of the
3 Exploration FRD prior to receiving this e-mail if
4 you recall?

5 A I think I had, because I understood what
6 he was talking about when I received this. I
7 don't recall why or how I knew that, but I did

8 know that.

9 Q As part of your acquisition project --
10 did the Exploration FRD have any relationship or
11 overlap with your acquisition project?

12 MR. CLARK: Objection to form.

13 BY MS. MARSHALL:

14 Q You can answer.

15 A No.

16 Q Did the Exploration FRD, were they --
17 did they look at acquisitions at all?

18 MR. CLARK: Objection to form.

19 THE WITNESS: They went back in history
20 to review Shell's performance, and I guess what
21 I'm trying to recall -- if there had been
22 acquisitions in that time frame, they certainly
23 would have swept in the data that went along with
24 that acquisition or divestments, and I think it
25 was roughly a ten-year period of time, perhaps

0104

1 LORIN BRASS, November 8, 2006
2 even a bit longer, they went back and looked, but
3 it was not -- the FRD itself didn't have a special
4 emphasis necessarily around acquisitions.

5 BY MS. MARSHALL:

6 Q What was the Exploration FRD charged
7 with looking at, if you know?

8 A It was again a process of reviewing past
9 performance, trying to analyze what went right,
10 what went wrong, trying to appreciate ways in
11 which the Business could be improved and then to
12 specifically look at those areas of improvement
13 and make recommendations on how they could go
14 forward to improve the Business.

15 Q Do you know who was on that team?

16 MR. CLARK: You already asked who they
17 are.

18 BY MS. MARSHALL:

19 Q Well, that completed that Exploration
20 FRD team.

21 A The answer is yes, but only -- faces are
22 flashing back, but names are not necessarily
23 flashing back.

24 Q If it comes to you in the next, in the

25 next day or so --

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1 LORIN BRASS, November 8, 2006

2 A Okay.

3 Q -- I'll try to circle back and remember
4 to ask you, but if it comes to your mind, if you
5 could just interrupt me at any point and let me
6 know that, that would be great. How did you --
7 did you remember how many people were on the team?

8 A More than five, less than ten.

9 Q And who did they make their
10 recommendations to?

11 A The final meeting, the recommendation
12 was made to Phil and also the sponsoring or review
13 committee.

14 Q Was the final meeting an ExCom meeting
15 or no?

16 A No. As I recall, it was a special
17 meeting just dedicated to this topic, and I don't
18 recall whether ExCom members were there. I,
19 unfortunately, had to be traveling at the time.
20 We decided whether or not to move the meeting
21 because of my schedule, and it didn't seem logical
22 to do that, given everyone else's schedule, so I
23 was not in the room when the final presentation
24 was made.

25 Q Did you ever receive any written

0106

1 LORIN BRASS, November 8, 2006

2 material summarizing their findings?

3 A Yes.

4 Q Do you recall when that was? Was there
5 a final report?

6 A Yes, very -- there was, there was one
7 document that collected and portrayed all the
8 information that they had gathered and then a
9 second smaller document that summarized all their
10 findings, portrayed their analysis, and
11 specifically went through each of the
12 recommendations that they made and how they
13 intended to implement those recommendations.

14 Q Do you recall what some of the
15 recommendations were?

16 A There was, there was, there was one
17 around skills and capabilities and enhancing the
18 overall skill and capability of the exploration
19 work force. There was one around expenditure
20 discipline and the level of expenditures and how
21 that can best -- and perhaps more than that, how
22 to establish a new and better way of ranking and
23 rating projects so that indeed we are looking at
24 the totality and not the individual pieces and
25 therefore drilling or shooting the best sites,
0107

1 LORIN BRASS, November 8, 2006
2 making the best places, and drilling the best
3 wells in the best places. There were more, but I
4 don't think I can recall the details.

5 Q Do you recall any part of the final
6 report or the recommendations focusing on
7 reserves?

8 A I recall that there was an analysis done
9 of how many of the discovered volumes eventually
10 got booked into proved reserves. I guess I don't
11 recall a specific recommendation highlighting an
12 emphasis specifically on reserves.

13 Q Now, if you turn to the e-mail, the
14 exhibit in front of you, you would have received
15 this prior to your assuming Linda Cook's position.
16 Do you know; was that because there was some sort
17 of transition period?

18 A It had already been announced that I
19 would be taking Linda's position, so, you know, it
20 was logical to send it to her and send it to me.

21 Q So you were receiving this in your
22 capacity of your new job, not because you were
23 working on this project; is that accurate?

24 A Yes.

25 Q Okay. The first sentence, it says,
0108

1 LORIN BRASS, November 8, 2006
2 "1998 exploration performance and the projected
3 reserves replacement figures give cause for
4 concern -- not just in ExCom, but also
5 Conference."

6 Did you know why the projected reserves

7 replacement figures gave cause for concern?

8 A I don't recall, but in December, since I
9 really hadn't even gotten into the E&P business,
10 I'm quite sure I would not have known what these
11 were referring to.

12 Q Did you ever at some point find out that
13 projected reserves replacements were giving cause
14 for concern?

15 A Yes.

16 Q And when did that come to your
17 attention?

18 A Throughout the ensuing year, through
19 2000, 2001.

20 Q And do you recall what the nature of the
21 concern was?

22 A The concern was that the projection
23 going forward, given the portfolio and the
24 performance at that time, was beginning to not
25 replace all the reserves we produced on an annual
0109

1 LORIN BRASS, November 8, 2006
2 basis. Hence, for an oil and gas company, that
3 has to give cause for question and concern,
4 because that's the future of the company is to
5 continue to replace the production that you have.
6 And we were beginning to see projections of hints
7 that it would be not a hundred percent Reserve
8 Replacement Ratio going forward.

9 Q Did you understand the CMD to have
10 concerns about the reserve replacement?

11 A Not at this time.

12 Q Was there any point in time where you
13 understood the CMD to have concerns about reserve
14 replacement?

15 A We very explicitly took some concerns to
16 the CMD for exposure to them. Again dates are a
17 little bit fuzzy, but I think that began in much
18 more detail in late 2001/2002.

19 Q And that was when Walter van der Vijver
20 was, had assumed Phil Watts' position?

21 A Yes.

22 Q Now, when you were working on the
23 acquisition project, when looking at the

24 criteria -- when looking at the different
25 potential acquisition candidates, did you analyze
0110

1 LORIN BRASS, November 8, 2006

2 how various acquisitions would affect the Reserves
3 Replacement Ratio?

4 A As part of the total look, we would have
5 probably both shown the addition of the reserves
6 and the impact on Reserves Replacement Ratio of an
7 acquisition.

8 Q Would you also -- would you look at it
9 in terms of a series of years going forward, or
10 how did that work?

11 A Yes, to the best of our ability.

12 Q And did you also look at how the various
13 acquisitions could affect the Capex?

14 A Yes.

15 Q Did you also look at the UFDC?

16 A It was probably not a primary one. I
17 don't recall looking at it so specifically. The
18 big ones, of course, were production and costs and
19 reserves and Capex and exploration. Those were
20 the big ones we'd look at.

21 Q So if an acquisition would improve the
22 Reserves Replacement Ratio, that would be
23 considered a positive?

24 A Yes. The only reason I guess I
25 hesitated is a package of information, and the

0111

1 LORIN BRASS, November 8, 2006

2 decision would not have been made in one isolated
3 parameter.

4 Q Sure. Well, when you were looking at
5 these acquisitions with respect to these different
6 criteria, including reserve replacement, did you
7 discuss the potential acquisitions with people in
8 EPB, such as Mr. Aalbers?

9 A Typically when we were getting specific
10 about a named acquisition -- in other words, a
11 real company with a real name -- we would, we
12 would form a very tight group of people who knew
13 we were working on that project, and we would code
14 that project.

15 Q Because it was sensitive information?

16 A Exactly. Any leaks to the outside world
17 basically destroy your chances actually of making
18 the acquisition for all intents and purposes, so
19 it was typically kept to a very small group of
20 people. I don't recall Remco ever being inside
21 that circle. What we would have done instead is
22 ask more oblique questions potentially of people
23 who might have had an ability to give us some
24 insights as to the impact on Shell of production
25 reserve, et cetera.

0112

1 LORIN BRASS, November 8, 2006

2 Q So who were the people that you would
3 have included on these inner circle teams? Not
4 the people you would ask the oblique questions to,
5 but do you recall whether there was a certain
6 go-to group of people, or did the group change?

7 MR. CLARK: Objection; form.

8 BY MS. MARSHALL:

9 Q You can answer the question.

10 A There was never a standing go-to group,
11 and the core team would be different for every --
12 almost different for every named candidate.
13 The -- we would go to the people who we knew had
14 the information that would be helpful, especially
15 in comparison to Shell's own Business Plans. That
16 group of people happened to be my own people who
17 put together the Business Plan. So the likes of a
18 John Bell, for instance, would have been a great
19 go-to guy, because he has access to all the
20 fundamental Shell data, and we can put some
21 "what-ifs" to him and even give him a disguise of
22 four or five companies and say show us the impact
23 of an acquisition on Shell's Business Plan for
24 these five companies, and he could easily do that
25 without going to a lot of other people.

0113

1 LORIN BRASS, November 8, 2006

2 Q Would Aidan McKay be one of the people
3 that you would go to?

4 A Aidan would have been in John's group
5 and could have been a likely candidate that, for

6 instance, John would have gone to to help him with
7 these requests.

8 Q What about Mr. Platenkamp?

9 A Well, of course, Roelof would simply be
10 John a few months earlier.

11 Q Right, so you would have used him as
12 well in a similar way?

13 A Yes.

14 Q What about Mr. van Poppel?

15 A No. I'm trying to recall where Heinz
16 was at that point in time. Was he -- I think he
17 was part of the, of the Center, maybe even Audit
18 or something like that.

19 Q And what type of questions were asked of
20 these individuals such as John Bell to try to make
21 determinations regarding these acquisitions?

22 MR. CLARK: Objection.

23 THE WITNESS: I guess I'm perhaps
24 repeating a bit, but the general question was
25 mostly around showing the effect of an acquisition

0114

1 LORIN BRASS, November 8, 2006
2 on Shell's existing business. How much would
3 production rise, how much -- and what does the
4 combined company basically look like, how much
5 capital will we have to spend, all those
6 questions.

7 BY MS. MARSHALL:

8 Q With respect to looking at the reserve
9 criteria, were there specific people you would ask
10 to look at general questions regarding that issue?

11 MR. CLARK: Objection; vagueness.

12 THE WITNESS: Could you, could you try
13 that one one more time.

14 BY MS. MARSHALL:

15 Q Yeah, sure. You, you said that you
16 would ask general questions around showing the
17 effect of an acquisition on Shell's existing
18 business. Would you ask general questions that
19 were specifically directed to the effect on the
20 Reserves Replacement Ratio?

21 A My go-to person would have been the
22 same, because again John or Roelof within that

23 would have been able to get, get that same
24 information readily at hand.

25 Q So your go-to person would have been
0115

1 LORIN BRASS, November 8, 2006

2 John Bell --

3 A Yes.

4 Q -- or whoever held that position?

5 A Yes.

6 Q And in turn he may have gone to Aidan
7 McKay?

8 MR. CLARK: Objection.

9 BY MS. MARSHALL:

10 Q Well, you mentioned -- when I asked you
11 about Aidan McKay before, you said John Bell may
12 have gone to him.

13 A I don't know. Aidan was in that
14 organization and, along with Remco, would have
15 been available and knowledgeable for the kinds of
16 questions John had been asked, but I don't know
17 specifically who he went to.

18 Q And what kinds of questions would John
19 have been asked?

20 A You mean again what kind of questions
21 would I ask John?

22 Q Yeah.

23 A They would be the, again the impact on
24 Shell's business, major parameters of the
25 acquisition.

0116

1 LORIN BRASS, November 8, 2006

2 Q Would you supply him with information
3 about the potential acquisition and ask him to
4 look at it?

5 A Only if we signed him up to the project,
6 so another way to have approached it would be to
7 be a bit more oblique about who the candidate was
8 by giving him examples or giving him just some
9 numbers without giving him the candidate, but for
10 the major parameters we would want him to be able
11 to display what would it look like to add the
12 production volumes of this company to the existing
13 Shell business, and same with the cost structure

14 and the capital level expenditures so that you can
15 begin to get a sense of what the new company would
16 look like and also begin to get a sense of what
17 next has to be done.

18 And in many cases there needs to be some
19 sort of a portfolio improvement divestment
20 program. We need to know how many synergies we
21 can squeeze out by putting these two companies
22 together so that you can pay for the premium to
23 buy this company, so that his, his work would
24 allow us to have a better picture to make next
25 steps of our project.

0117

1 LORIN BRASS, November 8, 2006

2 Q Now, in the next sentence of the e-mail
3 it says, "The Exploration FRD will be critical in
4 dealing with this matter." Did the Exploration
5 FRD perform a critical role in dealing with the
6 concern regarding reserve replacement?

7 A I guess I would, I would say that the
8 Exploration FRD made, made recommended
9 improvements so that our exploration program would
10 yield more resources that eventually could get
11 turned into proved reserves, so it was all around
12 finding more resources with the same or limited
13 expenditures than we had in the past.

14 Q Do you know whether or not the
15 Exploration FRD explored the process by which
16 Shell had been booking reserves?

17 A To my knowledge, it did not.

18 Q Did you ever -- did you meet regularly
19 with this team after you had been put in an
20 advisory role?

21 A Yes.

22 Q How regularly did you meet with the
23 team?

24 A Oh, probably every two to three weeks.

25 Q And did Mr. Watts ever attend any of

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2 those meetings?

3 A You mean when I was there?

4 Q Yeah.

5 A I don't think so. I don't recall him

6 being there.

7 Q When he says "I want to be involved in
8 the close-out of the Exploration FRD since it will
9 be a disaster if they produce recommendations not
10 founded on the reality of actual performance," did
11 Mr. Watts get involved in the close-out of the
12 Exploration FRD?

13 A Yes.

14 Q What was the extent of his involvement?

15 A He sat through the entire meeting. The
16 close-out is a meeting, an event where all the
17 team is there, all the sponsors are there, and
18 senior representation. In all likelihood, he
19 wasn't the only ExCom member there. I'm quite
20 sure there would be two or three others that would
21 have been there as well.

22 Q This is the meeting that you weren't
23 able to attend.

24 A Right, but they then represent the
25 entirety of -- and it takes sometimes many hours

0119

1 LORIN BRASS, November 8, 2006
2 for this to occur, so it's not a 30-minute
3 meeting. It was more like a three- or four-hour
4 meeting, and he was there for that meeting.

5 Q Do you know if there were other sponsors
6 other than yourself, to the Exploration FRD?

7 A Technically I don't, because I wasn't in
8 the room, and --

9 Q I don't mean present at the meeting. I
10 just mean other sponsors of the Exploration FRD.

11 A Oh, yes.

12 Q And who are they?

13 A I don't recall, but I will give you my
14 best guess.

15 Q That's great. Thanks.

16 A Dominic Gardy, our CFO. It would have
17 been one of the other Regional Business Directors,
18 so it would have been Bob Sprague or Heinz
19 Rothermund or one of those. The other one I would
20 guess would have been Tim Warren as head of EP
21 Technology.

22 Q Do you recall whether any of the
23 recommendations made by the Exploration FRD were
24 implemented?

25 A Well, they certainly all were attempted
0120

1 LORIN BRASS, November 8, 2006
2 to be implemented. They all were accepted. I
3 don't recall any of them not being accepted, and
4 hence there were people assigned to now go make
5 them happen. And to the best of our ability,
6 those were brought forward and implemented.

7 Q Do you know whether or not
8 Mr. Platenkamp was part of the Exploration FRD?

9 A No, I don't recall, but I don't think
10 so.

11 MR. CLARK: We've been going for about
12 an hour, so if you've come to a convenient
13 stopping point . . .

14 MS. MARSHALL: Sure, that's fine.

15 MR. CLARK: Is this good?

16 MS. MARSHALL: Yeah.

17 THE VIDEOGRAPHER: We are going off the
18 record. The time is 2:31.

19 (Whereupon, a short recess was taken.)

20 THE VIDEOGRAPHER: We are back on the
21 record. The time is 2:55 p.m.

22 BY MS. MARSHALL:

23 Q Mr. Brass, prior to the presentation to
24 ExCom on January 31st, 2000, do you recall whether
25 or not you had any conversations with Mr. Watts

0121

1 LORIN BRASS, November 8, 2006
2 about that presentation?

3 MR. CLARK: Objection.

4 You can answer if you know what
5 presentation.

6 THE WITNESS: If it's the January --

7 BY MS. MARSHALL:

8 Q The January 31st, 2000, yeah.

9 A I don't recall any conversations with
10 him prior to the meeting.

11 Q Was Linda Cook involved in the
12 conversations prior to the meeting about the

13 presentation?

14 MR. CLARK: Objection.

15 THE WITNESS: Not that I recall.

16 BY MS. MARSHALL:

17 Q Who was responsible for creating the
18 presentation materials?

19 A I think I mentioned earlier that my
20 review of the presentation came from Roelof, so,
21 of course, I looked to Roelof to develop the
22 presentation. How he exactly went about that, I
23 don't know.

24 Q When you say "my review of the
25 presentation came from Roelof," what do you mean,

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1 LORIN BRASS, November 8, 2006

2 your review? What do you mean by that?

3 A He sent me the presentation. Again I
4 can't recall if we met in person or over the
5 phone, but we followed up then with a discussion
6 on the presentation.

7 Q Did you have any particular concerns
8 with the presentation prior to the meeting?

9 A Yes.

10 Q What were they?

11 A The representation of our reserves in
12 the note in the presentation highlighted a
13 particular number, 37 percent. Of course, the
14 37 percent is accurate. There's no problem with
15 that. It just -- it does not display the range of
16 numbers that are yet to be decided so clearly. My
17 thought is that's potentially a little bit of a
18 live wire to lead with such a, such a more single
19 focus around that number.

20 Q Did Mr. Platenkamp think that the
21 presentation should be led with that number?

22 MR. CLARK: Objection.

23 THE WITNESS: Yes.

24 BY MS. MARSHALL:

25 Q Why did he think that? Did he explain

0123

1 LORIN BRASS, November 8, 2006

2 to you why he thought that?

3 A Yes.

4 Q What was his explanation?

5 A Roelof believed that ExCom needed to be
6 very fully aware of that number or about the
7 reserve situation, and his style, Roelof's style
8 more generally was to put it in their face as
9 abruptly and boldly as he could, so his point was
10 we need to do that so they get it, so they
11 understand.

12 Q Did you and Roelof discuss whether or
13 not 37 percent was the best number?

14 MR. CLARK: Objection to form.

15 THE WITNESS: I don't recall specific
16 discussion about best number.

17 BY MS. MARSHALL:

18 Q Did you and Roelof discuss different
19 ranges of numbers?

20 MR. CLARK: Objection; vagueness.

21 THE WITNESS: We discussed the paper and
22 the presentation, and in the presentation one
23 chart particularly shows some of the range of
24 numbers possible. We certainly discussed that
25 range of numbers.

0124

1 LORIN BRASS, November 8, 2006

2 BY MS. MARSHALL:

3 Q Did you have a view as to which number
4 was most appropriate?

5 A Not at that time. I had been on the job
6 for three, three and a half weeks, and yes, I had
7 reviewed the information, yes, I understood the
8 numbers, I was comfortable with the accuracy of
9 the numbers, but I had not necessarily come to a
10 clear understanding of which -- or my own view of
11 which number is the best number.

12 Q Did Mr. Platenkamp express to you his
13 view as to which number was the best number?

14 MR. CLARK: Objection.

15 THE WITNESS: Roelof believed that, as I
16 said earlier, that the portrayal of the 37 percent
17 number was a very, very important number to
18 portray. I don't recall him saying even to me
19 that he thought that was the best or only number.
20 It was a number that he felt was important to put

21 out in front of the ExCom.

22 BY MS. MARSHALL:

23 Q Why did he -- did he explain to you why
24 he thought it was important?

25 A Yes. It was back to what I said

0125

1 LORIN BRASS, November 8, 2006
2 earlier. It was a wake-up call kind of effect
3 that he was hoping to get with the ExCom.

4 Q Was there -- do you know if -- did he
5 express to you whether or not -- whether he wanted
6 them to see this number because there was specific
7 action he wanted them to take?

8 A I don't recall any particular action
9 that he was hoping to suggest to them in that
10 regard.

11 Q In your conversations with
12 Mr. Platenkamp prior to the ExCom meeting, did
13 Mr. Watts' potential reaction come up?

14 A I forget how I phrased it, but I
15 expressed to him my concern probably more in the
16 paper than in the presentation, about the leading
17 with that number without quickly also following it
18 with all the other numbers or showing all the
19 numbers evenly. I expressed to him my concern,
20 how I would receive that, for instance, if that
21 were portrayed to me. However, I didn't change
22 it. I was happy that he had a little more
23 experience with all the process than I did, so I
24 didn't modify the -- I didn't modify the paper or
25 the presentation in that regard.

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1 LORIN BRASS, November 8, 2006

2 Q Did you have any idea, prior to the
3 January 31st, 2000, presentation, as to what
4 number Mr. Watts was expecting?

5 MR. MORSE: Objection to form.

6 BY MS. MARSHALL:

7 Q You can answer the question.

8 A I think I had no idea what number
9 Mr. Watts was expecting.

10 Q Did you have any conversations with
11 anybody other than Mr. Platenkamp prior to the

12 January 31st, 2000, meeting about whether or not
13 the 37 percent number should be in the beginning
14 of the materials?

15 A No.

16 MS. MARSHALL: We're going to show you a
17 document that we'll mark as Exhibit Number 2 for
18 identification. It's Bates Number V0070171
19 through 70178. I'm not going to ask you to read
20 every page of the document, but if you could look
21 at it enough so you could tell me whether you
22 recognize it and what it is, and if I have any
23 particular questions about anything within it,
24 then I'll ask you.

25

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1 LORIN BRASS, November 8, 2006
2 (Exhibit No. 2 was marked for
3 identification and attached to the deposition
4 transcript.)

5 MR. CLARK: Unless you want to read the
6 whole thing.

7 BY MS. MARSHALL:

8 Q If you want to read the whole thing,
9 you're more than welcome to.

10 A Okay.

11 Q Do you recognize this document?

12 A Yes.

13 Q Can you describe it, please.

14 A It is the document we were discussing
15 relating to informing ExCom of the outcome of the
16 reserves work done to date for, for the reserves
17 for 1999.

18 Q And in the first bullet point of the
19 summary on the first page where it says "Total
20 oil/NGL/Gas replacement ratio for 1999 is
21 37 percent (182 percent in 1998)," was the -- is
22 that the 37 number that we've been talking about?

23 A Yes.

24 Q And is that the placement that you were
25 concerned about?

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1 LORIN BRASS, November 8, 2006

2 A Yes.

3 Q Prior to reviewing this report
4 presentation with Mr. Platenkamp, were you aware
5 that the figure for 1998 was 182 percent?

6 A I don't recall if this is the first time
7 I saw that number.

8 Q Is this the first time you learned that
9 there was a -- well, would you describe these
10 numbers as being significantly different?

11 A Yes.

12 Q Was this the first time you became aware
13 that there was a significant difference in the
14 replacement ratio for 1999 than there was in 1998?

15 MR. CLARK: Objection; misstates facts
16 in evidence.

17 BY MS. MARSHALL:

18 Q You can answer the question.

19 A The -- I really don't recall. When we
20 did the review prior to this of the data, I recall
21 going through the data, I recall going through the
22 issues. I'm not sure that we had added it all up
23 and come to a final number during those reviews,
24 so I guess my answer is I don't, I don't know.

25 Q And when you say going through the

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1 LORIN BRASS, November 8, 2006
2 reviews, were with Mr. Platenkamp and Mr. Aalbers?

3 A Yes.

4 Q Was there anybody else involved in those
5 reviews?

6 A I don't recall.

7 Q Did Mr. Aalbers take part in discussions
8 you had with Mr. Platenkamp about this document?

9 A I don't recall him being there.

10 Q Do you recall having any separate
11 conversations with Mr. Aalbers about this
12 document?

13 A I don't recall.

14 Q Prior to January of 2000 did you have
15 any knowledge of the Replacement Ratio for 1998?

16 A Not that I recall.

17 Q At any point after you assumed your
18 position in January 2000, did you undertake an
19 analysis of the Replacement Ratio for prior years?

20 A Yes.

21 Q When did you first do that?

22 A I really don't recall.

23 Q Did you do it at the direction of
24 somebody or did you do it on your own initiative?

25 A I suppose the reason I'm hesitating is

0130

1 LORIN BRASS, November 8, 2006
2 that analysis of the past is a routine part of any
3 presentation, and just like this is. Hence, even
4 in putting this together, staff would have
5 portrayed and analyzed what the Reserves
6 Replacement Ratio had been for prior years. We,
7 of course, started to build even more detail in
8 that regard later, "later" meaning probably more
9 so even towards the next Business Planning Cycle
10 and on into 2001.

11 Q And was that a direct result of anything
12 that had occurred in January of 2000?

13 A I guess I don't link it necessarily to
14 January 2000. Clearly the analysis of our
15 reserves and the outcome of our reserves for 1999
16 in general cause more work to be done around
17 analysis of portfolio, analysis of opportunities,
18 all kinds of assessments to understand better the
19 numbers we have and the numbers for the future.

20 Q And was that additional work done at the
21 direction of Mr. Watts?

22 A I don't recall it being directed. I
23 don't recall.

24 Q Now, do you know whether or not the Iran
25 reserves were included in the 30 percent --

0131

1 LORIN BRASS, November 8, 2006
2 37 percent number?

3 A I'm reasonably sure they were not.

4 Q Okay. Well, if you look to the -- you
5 might want to -- why don't you read through the
6 summary of this just so you might be more clear on
7 your answer on that, specifically the third bullet
8 point under the summary.

9 A Uh-huh, okay.

10 Q Does that clarify in your mind whether

11 or not the Iran reserves were included in the
12 37 percent?

13 A Yes. They were not.

14 Q Do you know why -- well, strike that.
15 Prior to this document being presented to ExCom,
16 did you and Mr. Platenkamp discuss whether or not
17 the Iran reserves should be included in the number
18 that was going to go up front?

19 A We, as I recall, didn't have a lengthy
20 discussion about Iran, only to know that we needed
21 to cause it to be a discussion beyond ourselves to
22 make a decision eventually how to deal with Iran.

23 Q What is AOSP? It's on the third bullet
24 point. It says, "Including the AOSP 'mining
25 reserves,' the overall proved replacement ratio
0132

1 LORIN BRASS, November 8, 2006
2 increases from 37 percent to 82 percent, and
3 further inclusion of the Iran 'pseudo-reserves'
4 increases the replacement ratio to 94 percent."
5 Do you know what the AOSP mining reserves are?

6 A That's in Canada. That's Athabasca Oil
7 Sands project.

8 Q What was the issue with that project?

9 A Only that in those reserves which are
10 reserves you dig for rather than drill for,
11 because it's a tar sand that you're producing that
12 eventually converts into a refined product, but
13 those reserves are specifically excluded from SEC
14 definitions, from SEC proved reserves.

15 Q Why is that, if you know?

16 A I don't know.

17 Q When did you learn that those type of
18 reserves are excluded from SEC-defined proved
19 reserves?

20 A Yeah, in this process that we're talking
21 about.

22 Q Now, where it says at the bottom of the
23 summary, "There are a number of issues regarding
24 proved reserves booking for 1999 which require
25 endorsement by ExCom, the issues and
0133

1 LORIN BRASS, November 8, 2006

2 recommendations are presented in this Note under
3 'Issues,'" who had the responsibility to determine
4 what did or did not require endorsement by ExCom?

5 A The topic here I think was completely --
6 was, for me, completely obvious that all these
7 issues needed to be discussed with ExCom, so there
8 wasn't a -- I don't recall a discussion about a
9 screening of issues.

10 Q So just any issue that was found is one
11 that would need to be brought to ExCom?

12 MR. CLARK: Objection to form.

13 MR. MORSE: Objection to form.

14 BY MS. MARSHALL:

15 Q You can answer the question.

16 A Well, the way the question is asked, I
17 would have to say no.

18 Q Okay. Well, did Mr. Platenkamp
19 determine what issues required endorsement by
20 ExCom?

21 A Roelof, as I said, was party to this
22 document, and my review is with him. The issues
23 he's brought forward are, have some materiality to
24 the outcome of the reserves. If there were issues
25 around a ten million dollar, barrel question, that
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1 LORIN BRASS, November 8, 2006
2 likely would have been resolved at staff level
3 with the help of Anton and Remco, et cetera.
4 These issues are larger, and then -- and hence
5 should get the attention of ExCom for their final
6 decisions, or have some sensitivities associated
7 with them.

8 Q Do you know whether or not Anton
9 Barendregt input, gave any input to any of these
10 issues prior to the ExCom January 31st meeting?

11 A Well, if I remember my dates correctly,
12 we had Anton's report prior to going to the ExCom,
13 and I think there would be a strong linkage
14 between his report and what we see here.

15 Q And by "linkage" -- what do you mean by
16 "linkage"?

17 A That he would have highlighted many of
18 these same issues.

19 Q If mining reserves could not have been
20 considered proved reserves under the SEC rule, do
21 you know why the calculation was put into this
22 document for what the addition of the mining
23 reserves to the proved replacement ratio would be?

24 MR. CLARK: Objection to form.

25 THE WITNESS: As I recall, this is the

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1 LORIN BRASS, November 8, 2006
2 first year we're looking at the reserves for
3 mining. The what-if statements here I think are
4 showing the potential, if they were to be booked,
5 of the impact of that, primarily because we had
6 put in a major investment again in Canada towards
7 these properties on towards production and
8 reserves. And whenever we put in a major
9 investment, it's good to realize what the outcome
10 of our investment is, and these reserves, albeit
11 not bookable by SEC, are still very important
12 reserves for our company.

13 MS. MARSHALL: I'm going to show you a
14 document which we'll mark as Exhibit Number 3 for
15 identification. We'll probably go back to that
16 last document, but I just want to show you this.
17 It's Bates SCA00002779 through 2796.

18 (Exhibit No. 3 was marked for
19 identification and attached to the deposition
20 transcript.)

21 BY MS. MARSHALL:

22 Q Do you recognize this document?

23 A Yes.

24 Q Would you tell me what it is, please.

25 A It's a presentation following that note.

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1 LORIN BRASS, November 8, 2006
2 It's a presentation to the ExCom. Let me correct
3 that. It's the full set of charts that were taken
4 into the ExCom for the presentation.

5 Q Now, the first or the second exhibit
6 which is titled "Presentation ExCom
7 31st January 2000," was that document given to the
8 members of ExCom?

9 A This one?

10 Q No, the one before it.

11 A Oh, yes. This one?

12 Q Yes.

13 A Yes.

14 Q So they would have had a copy of this
15 document, and then they would have seen the slide
16 presentation that is Exhibit 3?

17 A Yes.

18 Q Did you -- as part of your review of the
19 presentation prior to the presentation, did you
20 review this slide presentation?

21 A Yes.

22 Q In the first slide it says -- under the
23 first bullet point it says, "Challenge to
24 communicate" -- underneath "'99 proved Oil/NGL and
25 Gas Replacement Ratio 37 percent," it says,

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1 LORIN BRASS, November 8, 2006

2 "Challenge to communicate externally." What did
3 you understand that to mean?

4 A This would be right after coming off the
5 year that we had prior. It would be again quite a
6 big difference to what they had seen before, so
7 explaining that to the outside market would be a
8 challenge.

9 Q Did you have an understanding in January
10 of 2000 as to why the previous year's Replacement
11 Ratio was so high?

12 MR. FERRERA: Objection to form.

13 THE WITNESS: I don't know.

14 BY MS. MARSHALL:

15 Q Did you ever gain an understanding as to
16 whether or not there was anything about that year
17 that made the Replacement Ratio what it was?

18 A As I said, we subsequently went back and
19 did a lot of analysis for all the years. At some
20 point in time I'm sure I knew. I certainly
21 couldn't sit here and tell you what that is, but
22 we certainly analyzed it every year.

23 Q Underneath where it says "challenge to
24 communicate externally," it says, "Upside AOSP and
25 Iran & excluding divestments." Do you know what

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1 LORIN BRASS, November 8, 2006

2 "excluding divestments" is referring to here?

3 A Yes.

4 Q Can you explain it, please.

5 A It simply says in 1999 we divested of
6 some properties, those reserves, therefore taking
7 off our books -- the 37 percent has those reserves
8 off our books. Hence, if you were to explain to
9 the outside market that, hey, we sold those
10 reserves, we did that on purpose, that's an upside
11 to the message.

12 Q On the third point it says "2000
13 Scorecard -- SPDC impact on proved reserves target
14 equates to a 20 percent loss (LE 62 percent)."
15 Did you understand what this means?

16 A Well, I guess at first instance I
17 thought I did, but I guess in the moment now, I'm
18 seeing that he's titled it "2000 Scorecard" and
19 this is January 2000, so I'm a bit confused in the
20 moment as to which year he's really talking about.

21 Q What was your understanding of the
22 relevance of scorecards to Reserves Replacement
23 Ratio?

24 A Reserves in some manner appeared on the
25 E&P scorecard throughout these years as a key

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1 LORIN BRASS, November 8, 2006

2 parameter of the E&P business.

3 Q Was there a concern in January of 2000
4 with respect to the Reserves Replacement Ratio
5 with the impact that would have on the scorecard?

6 MR. FERRERA: Objection.

7 THE WITNESS: I think it's more of an
8 acknowledgement that, of course, these numbers are
9 going to be less than what we had targeted for
10 Reserves Replacement Ratio.

11 BY MS. MARSHALL:

12 Q Do you know what the target was for
13 1999?

14 A I, I don't.

15 Q There is a -- the second page of this
16 document is titled "2000 EP Scorecard." Can you
17 tell me what that document is demonstrating.

18 A It refers a bit back to my prior
19 question, because I'm confused why it's called
20 2000. If this were the 1999 EP scorecard, it
21 would make more sense, but it's labeled 2000, and
22 if it were the 1999 EP scorecard, one just casts a
23 view down the left-hand side where it comes to
24 "Proved Reserves Replacement (excluding
25 divestments)," and you see the plan, which is a
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1 LORIN BRASS, November 8, 2006

2 target number of 80 percent. I think that's what
3 that number is, but it's hard to see.

4 Q And where it says "weight" on the other
5 side of the arrow, it says "ten percent." What
6 does that mean?

7 A If you add all those numbers up in that
8 same column, you would come to a hundred percent,
9 so each of these measures had a weighting towards
10 the final resulting score. So reserves carried
11 ten percent out of a total of a hundred percent.

12 Q And what was the effect on the -- did
13 the EP scorecard have any effect on compensation?

14 A As I recall, it did.

15 Q Do you recall who, which individuals
16 would be affected? Was there a -- earlier you
17 talked about different groups and their
18 compensation.

19 A I don't recall specifically in 1999 how
20 far down in the organization the EP scorecard
21 went. The other complication is that we tended to
22 cascade scorecards so that it came down into the
23 organization but allowed the Business Units to
24 make this scorecard applicable to their unit, so
25 they would take a portion of this scorecard and
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2 fraction it down or whatever. So at the end of
3 the day we're trying to make those scorecards that
4 are closer to the people more relevant to their
5 pay, because they knew it could have an impact,
6 and in some instances, ironically, the EP level
7 scorecard, at this high level, tended to impact
8 very few people by itself, but I don't know that.

9 In this 1999/2000 I can't tell you the specifics
10 of that.

11 Q Now, this slide presentation ultimately
12 was made at the ExCom meeting?

13 A The clear answer is I don't know. I
14 wasn't in the room, but clearly some of these
15 charts were shown, but I have, I have no
16 indication of exactly which charts Roelof showed
17 in the presentation.

18 Q Why weren't you in the room?

19 A The ExCom meeting had an agenda item
20 just before this that happened to do with my
21 acquisition project. At the end of that, that
22 module, that discussion, that presentation, there
23 was a recommendation for certain actions to be
24 taken, and Phil asked me to immediately go out and
25 kick off those actions. So I went out of the room

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1 LORIN BRASS, November 8, 2006
2 across the hall in another office and started
3 making phone calls to make that other action
4 happen. They went ahead with the agenda.

5 Q Then did you return to the meeting?

6 A Yes.

7 Q Was the presentation still going on?

8 A Just barely.

9 Q What was happening when you came back in
10 the room?

11 A Roelof was, as I said, finishing a
12 couple slides. I don't remember which those were.

13 Q Was there any discussion occurring when
14 you came back in the meeting?

15 A No.

16 Q Was there then a discussion after the
17 completion of the slides?

18 A Actually very limited. To me, I
19 interpreted that a lot of other discussion had
20 occurred while I was out of the room.

21 Q Did you -- what was the limited
22 discussion that you heard?

23 A It was, it was almost a summary, saying
24 we need to do some more work to finally decide
25 some of these issues, here are some things we can

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1 LORIN BRASS, November 8, 2006

2 decide today, but there's more work to be done, so
3 Lorin, Roelof, others, let's go do this work so we
4 can conclude this in due course.

5 Q What was decided at the meeting?

6 A It was decided, for instance -- and of
7 course, we can look at the minutes to be precise,
8 but it was decided that, for instance, the
9 50-million-barrel cut from submission of Nigeria
10 was accepted, the Abu Dhabi inclusion was not
11 accepted.

12 Q Why wasn't it accepted?

13 A I don't recall. It's a much smaller
14 number, but it's not necessarily the reason, but I
15 don't recall.

16 In Iran, more work was assigned to be
17 done. That was a decision, and particularly
18 trying to understand how Industry is going to
19 treat Iran more generally, if we possibly can find
20 that out.

21 Q And what would be the purpose in finding
22 that out?

23 A To know whether or not we would -- if we
24 didn't put it in the bookings and others did, we
25 would have somehow regretted perhaps not taking

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2 advantage if everybody's putting it in. And just
3 the opposite could be true as well; if we're the
4 only one that puts it in and no one else would be,
5 it might even cause more focus on us because of
6 the sensitivities.

7 Q Were other decisions made at the
8 meeting?

9 A I think there were some others, but I
10 don't recall what they were.

11 Q What was the tone of the meeting at that
12 point when you reentered?

13 A Very -- I guess I would call it very
14 tense, very cool.

15 Q Did -- what was Mr. Watts' demeanor?

16 A Well, actually I, I don't recall him

17 having a particularly -- I don't recall.

18 Q What about the atmosphere made you think
19 it seemed tense?

20 A I guess it was more the, the rest of the
21 ExCom members who were sitting very, very
22 attentively, actually saying nothing, quite an
23 unusual -- no chit-chat, no in-depth discussion,
24 shallow remarks. Roelof always looks a bit
25 nervous, but perhaps he was even more nervous. So
0145

1 LORIN BRASS, November 8, 2006
2 it was one of those where I could glance around
3 and sense that the atmosphere was entirely
4 different than when I had left the meeting, for
5 instance.

6 Q Did you have occasion to make any
7 comments when you returned to the meeting about
8 the presentation that Mr. Platenkamp gave?

9 A I don't recall.

10 Q Were any questions asked of you?

11 A Not specific questions. It was more,
12 "Lorin, you and Roelof need to go and do some more
13 looking at some of these issues so we can make our
14 final decisions," so it was more of a go-forward
15 plan than a particular question.

16 Q Was Remco Aalbers at the meeting?

17 A I, I, I don't think so.

18 Q Were any decisions made at the meeting
19 with respect to any further inclusions of bookings
20 than was reflected in the 37 percent number?

21 MR. MORSE: Objection to form.

22 THE WITNESS: I guess I'm not sure.

23 Could you word that differently, or --

24 BY MS. MARSHALL:

25 Q Sure. Were you given any indication
0146

1 LORIN BRASS, November 8, 2006
2 when you returned to the meeting about whether or
3 not the 37 percent reserve replacement number was
4 going to change?

5 A No.

6 Q Was that number discussed while you were
7 at -- when you returned back to the meeting?

8 A Not that I recall.

9 Q Were there other items on the agenda

10 other than this -- after the presentation by

11 Mr. Platenkamp?

12 A I believe so.

13 Q And did those agenda items continue?

14 A Yes.

15 Q Did the tone of the meeting change?

16 A Yes.

17 Q How did it change?

18 A Sort of back to what -- prior to this

19 presentation, back to what I would say normal,

20 back to discussion, et cetera.

21 Q Did the discussions ever turn back to

22 the reserve replacements?

23 A Not that I recall.

24 MS. MARSHALL: I'm going to show you a

25 document that we'll mark as Exhibit Number 4 for

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1 LORIN BRASS, November 8, 2006

2 identification. Its Bates Number RJW00591088

3 through 591111.

4 (Exhibit No. 4 was marked for

5 identification and attached to the deposition

6 transcript.)

7 BY MS. MARSHALL:

8 Q Before you look at this document, did

9 you ever question why this presentation went on,

10 even though you were not in the room? I mean

11 question to yourself.

12 A Not really. I was -- this is really the

13 first ExCom meeting I had ever been to. It did

14 not surprise me at all that the agenda goes on

15 even though members are missing.

16 Q Were you surprised that Mr. Watts sent

17 you out of the meeting to do something while the

18 meeting was going on?

19 A No.

20 Q Was the -- were the phone calls that you

21 were making -- what was the nature of the phone

22 calls that you were making?

23 A You know, I don't remember exactly, but

24 there was a time-critical element that didn't

25 surprise me at all, that once the ExCom had made a
0148

1 LORIN BRASS, November 8, 2006

2 decision, Phil wanted to get action started
3 immediately. And I guess again I don't recall
4 exactly what it is, but I know it was something
5 that we needed to get kicked off so that it could
6 be done in a very short amount of time.

7 Q Do you recall for how long you were
8 outside of the meeting?

9 A Oh, it certainly wasn't a half hour, but
10 it was probably more than 15 minutes.

11 Q If you look at the document now before
12 you, are these the meetings of that minute (sic)?

13 MR. CLARK: Objection to form.

14 MS. MARSHALL: Of the January 31st,
15 2000, meeting.

16 MR. CLARK: You might want to say
17 "minutes of the meeting."

18 MS. MARSHALL: Did I say "meeting of the
19 minutes"?

20 MR. CLARK: Yeah.

21 MS. MARSHALL: Minutes of the meeting.
22 Thank you.

23 THE WITNESS: Yes, they appear to be.

24 BY MS. MARSHALL:

25 Q Did you see these meetings -- minutes at
0149

1 LORIN BRASS, November 8, 2006

2 any point soon after the meeting?

3 A It was, it was routine for these to come
4 out as soon as possible after the meeting,
5 literally hopefully within a day or two. I don't
6 recall if these came out in that same time, but
7 that was our procedure.

8 Q Do you see where these meeting
9 minutes -- strike that. Is the Allegro, Number 4,
10 was that the agenda item that precipitated your
11 being sent out of the meeting to make some phone
12 calls?

13 A Yes.

14 Q And was Allegro a code name of an
15 acquisition?

16 A Allegro was the code name of the project
17 itself to look at all the acquisitions. Then as
18 targets came up, they each had their individual
19 code names under Allegro. Allegro was just the
20 umbrella project code name.

21 Q Did Allegro remain the project code name
22 for the entire time that you were on that project?

23 A No.

24 Q Did it have other names?

25 A Yes.

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1 LORIN BRASS, November 8, 2006

2 Q Do you remember them?

3 A Yeah, I knew you'd ask. No, I don't
4 remember.

5 Q Okay. Were you present during Items 1,
6 2 and 3 as they're described in the meeting --
7 minutes of the January 31st meeting?

8 A I don't recall being out of the room, so
9 my assumption is yes, I was in the room.

10 Q Under the first minutes in highlights,
11 under "Nigeria," it says, "Country review in April
12 to be confirmed by Rothermund." Do you recall
13 whether or not there was any detailed discussion
14 of Nigeria at that meeting?

15 A There were some elements of Nigeria.
16 Item 6 had a small discussion on Nigeria. The
17 country review was a routine process we used to
18 take a look at particularly key countries around
19 the world, and a country would have a review in a
20 frequency that was usually two to three years.
21 Not every year do you do a country review. So
22 this is just commenting that Heinz needed to
23 confirm the date of that country review.

24 Q What was the "Stress Management" project
25 that's listed under the next bullet point?

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1 LORIN BRASS, November 8, 2006

2 A Yeah, at this point in time there was an
3 overall concern in E&P about to what degree our
4 staff was stressed in their work.

5 Q That's nice. Was there any particular
6 reason for the concern?

7 A Only the comments by the staff and what
8 we knew to be incredible working hours and travel
9 that some of the staff were doing.

10 Q Do you know if any of the stress related
11 to the Reserves Replacement Ratio?

12 A Actually, when this was being discussed,
13 no.

14 Q Did it become a cause of stress?

15 MR. CLARK: Objection to form.

16 THE WITNESS: The reserves to an oil and
17 gas company are an extremely important parameter,
18 so when the company sees that perhaps you're
19 looking at multiple years of subreplacement levels
20 of reserves, that's an area of concern. When
21 there's areas of concern -- and there's always
22 several areas of concern. When there's areas of
23 concern, there's more questions asked, there's
24 more presentations made, there's more activity
25 going on, et cetera, so I would, I would not know
0152

1 LORIN BRASS, November 8, 2006
2 whether anyone would say reserves gave me more
3 stress. What I would know is that staff would be
4 working on this topic and putting in perhaps some
5 more additional hours, et cetera, working that
6 issue.

7 BY MS. MARSHALL:

8 Q Did the fact that the Reserves
9 Replacement Ratio was a cause of concern in 2000
10 affect your job?

11 A No. Yes and no. You know, I, too, as
12 part of the ExCom, and especially in this job,
13 needed to be concerned about the reserves
14 themselves, and of course, we needed to do the
15 work to understand it better, to make better
16 indications of what the future might be, et
17 cetera, so it affected the work that I was doing.
18 I had a lot of projects going on, a lot of things
19 happening in my overall organization, so to me it
20 was just one of the things that overall create a
21 job that has quite a bit of intensity to it.

22 Q Did you ever feel any particular
23 pressure with respect to reserves?

24 MR. CLARK: Objection.

25 THE WITNESS: Can you describe what you

0153

1 LORIN BRASS, November 8, 2006

2 mean by "pressure."

3 BY MS. MARSHALL:

4 Q Did you ever feel any particular sense
5 of urgency to try to alleviate the concern that
6 existed in early 2000 with respect to reserve
7 replacement?

8 MR. CLARK: Objection to form.

9 THE WITNESS: I guess I'm not sure
10 exactly where you're headed with the question, so
11 I'm not -- I guess my view would be that the, the
12 concern is there about reserves. That concern is
13 my concern. As I expressed, you know, that
14 impacts what I do. Overall, the jobs themselves
15 are very, very intense jobs, so I never felt
16 particularly focused pressure around reserves. Is
17 there a sense of urgency around reserves?
18 Absolutely. We all had a sense of urgency about
19 reserves. We had a sense of urgency about
20 production, we had a sense of urgency about other
21 things as well, so there is nothing that was
22 abnormal other than the fact that this is now the
23 turn for a bit of urgency around reserves, whereas
24 other times it's a sense of urgency around other
25 things.

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1 LORIN BRASS, November 8, 2006

2 MS. MARSHALL: You know what? We need
3 to take a break, because they have to switch the
4 tape.

5 THE VIDEOGRAPHER: This marks the end of
6 Tape 2 in the deposition of Mr. Brass. We are
7 going off the record. The time is 3:52 p.m.

8 (Whereupon, a short recess was taken.)

9 THE VIDEOGRAPHER: This marks the
10 beginning of Tape 3 in the deposition of
11 Mr. Brass. We are back on the record. The time
12 is 4:13 p.m.

13 BY MS. MARSHALL:

14 Q If you look under the heading Number 2

15 of the meeting minutes which you have before you,

16 which I think is Exhibit 4 --

17 A Okay.

18 Q -- if you look under the first point, it
19 says, "Support given to move forward with proposed
20 'pilots.' However, review with Nigeria the most
21 effective way forward in the light of other
22 priorities (production in particular)." Do you
23 recall what was discussed at the meeting with
24 respect to this description?

25 A No.

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1 LORIN BRASS, November 8, 2006

2 Q Do you know what the Technology
3 Portfolio/Value Management heading refers to?

4 A Only vaguely.

5 Q What is your vague understanding?

6 A The Technology organization was
7 proposing a series of initiatives for improvement,
8 which came under the subtitle of Value Management.
9 I forget what those technologies specifically
10 were, but they would require pick-up, take-up by
11 the Operating Units to become implemented, and so
12 the comments here are around the mitigating
13 effects and decisions that we need to make,
14 because clearly we don't want to cause these
15 things to divert people's priorities in the
16 Operating Units.

17 Q If you look at Item 5, "Preliminary
18 Summary of end 1999 proved reserves," the first
19 bullet point says, "Brass/(Gardy) in liaison with
20 DeVries to review with Schrodgers how to deal with
21 AOSP/Iran reserves." Who is DeVries?

22 A That's Wouter DeVries. He was head of
23 Investor Relations at the time.

24 Q And who is Schrodgers?

25 A The external company that did, provided

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1 LORIN BRASS, November 8, 2006
2 comparative numbers from the oil and gas industry
3 or perhaps other industries as well, so they would
4 serve as an anonymous collection point to
5 gathering information and then disseminate it back

6 out to the industry, yet keeping everything
7 confidential in the process, not exposing anything
8 that was otherwise confidential in the process.
9 This related to the comments made earlier, I
10 wonder what the industry is going to do with the
11 Iran bookings, so the thought was, could myself or
12 Dominic or the combination of us talk to Wouter,
13 whether he thinks Schrodgers would be able to help
14 us get assessments about what the industry is
15 going to do about the bookings in Iran.

16 Q Was there also questions about what the
17 industry is going to do about AOSP type bookings?

18 A No, that was very clear. Mining
19 reserves are not SEC proved reserves, and perhaps
20 the only question might be: Well, fine, but how
21 do you still put them in your Annual Reports so
22 people know what you've done in Canada? But that
23 was a very black and white issue. It was not a
24 grey issue.

25 Q Did you have -- Gardy; is that Dominic
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1 LORIN BRASS, November 8, 2006

2 Gardy? Was he present at the meeting, the ExCom
3 meeting?

4 A I don't recall.

5 Q Was he a member of ExCom?

6 A Yes. Well, I guess on some minutes we
7 actually start by saying who was at the meeting,
8 but I'm just looking quickly, and I don't see that
9 here, so . . .

10 Q Yeah. Do you recall whether or not you
11 and Mr. Gardy spoke with Mr. DeVries as a result
12 of the direction you received at this meeting?

13 A We certainly did.

14 Q Do you recall when -- did you speak to
15 him more than once?

16 A I don't recall any details of the
17 frequency, and in all honesty, I don't recall the,
18 the results or what he had steered us towards. I
19 really don't even recall if we -- if he felt going
20 to Schrodgers was even worthwhile and whether or
21 not we did. I really don't recall any of that.

22 Q So you have no recollection of any

23 conversation -- the specifics of any conversations

24 with Mr. DeVries?

25 A No.

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1 LORIN BRASS, November 8, 2006

2 Q You just know that you had some?

3 A Yes.

4 Q Do you recall any of the views that he
5 expressed in those conversations?

6 A I really don't.

7 Q Do you recall whether or not you spoke
8 to anybody else other than Mr. DeVries about this
9 issue as a result of this January 31st meeting?

10 A No, I don't recall.

11 Q If you see the next item, it says,
12 "Proposed revisions in reserves supported except
13 for," and then there's a few things listed here.
14 What revisions were supported? And if you need to
15 look at one of the previous exhibits to answer
16 that question, please do so, and you can point us
17 to the page you're looking at.

18 A Yeah. Again I can't be a hundred
19 percent certain, but I believe he's referring to
20 pages in Exhibit 3, Page Number 787 and 788. I
21 guess just again to be clear, I suppose my only
22 hesitation is I actually thought we had these
23 labeled as "proposals" or "recommendations" rather
24 than "issues," but I don't see any other ones that
25 are labeled separately, and these are indeed the

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1 LORIN BRASS, November 8, 2006

2 items that I would have thought to be here. I'm
3 assuming these are the right two pages, in which
4 case he's saying we accept the first three
5 bullets, including the \$50 million reduction in
6 Nigeria. We at this time have decided not to, not
7 to take the reduction from Abu Dhabi.

8 Q What was the issue with respect to Abu
9 Dhabi?

10 A It was the same license extension issue,
11 albeit again somewhere out into the future, but
12 the question was whether or not under the
13 current -- will the production profile develop to

14 the extent of producing the proved reserves within
15 the license, or the other question is always:

16 Will we get a license extension?

17 Q If you look at Exhibit Number 2, Page
18 V00070174 and also 70175, where it says "Issues"
19 on 70174, and then that continues through the next
20 page --

21 A Right.

22 Q -- is this a narrative description of
23 the same issues that are listed in the pages that
24 you just pointed out in Exhibit 3, which is the
25 slide presentation?

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1 LORIN BRASS, November 8, 2006

2 A The -- two of the three are. I mean the
3 first one is not, but then the second one under
4 "Issues," Nigeria SPDC indeed is and Abudabi is.

5 Q So if you look at -- were you present
6 during any of the discussions on Abu Dhabi?

7 A Not that I recall.

8 Q Were you present when a decision was
9 made on Abu Dhabi not to produce the provided
10 reserves?

11 MR. MORSE: Objection to form.

12 BY MS. MARSHALL:

13 Q You can answer the question.

14 A I was there at the conclusion of the
15 meeting, and I recall -- as he usually does --
16 Phil summarizing the conclusions that had been
17 made as a result of this agenda item.

18 Q Did he ever ask your opinion, either in
19 the meeting or outside the meeting, as to any of
20 these issues?

21 A Not that I recall.

22 Q Did you -- after this meeting adjourned,
23 did you make an effort to find out what had
24 transpired when you weren't there?

25 A Roelof and I discussed the meeting after

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1 LORIN BRASS, November 8, 2006

2 the meeting.

3 Q When did you discuss the meeting after
4 the meeting?

5 A We discussed --

6 Q After the meeting?

7 A Yeah, after the entirety of the meeting
8 was over, Roelof and I had a discussion.

9 Q So did that discussion immediately
10 follow the end of the ExCom meeting?

11 A As I recall, yes.

12 Q Where did that discussion take place?

13 A In my office.

14 Q How long did that discussion last?

15 A I don't recall, but it was of quite some
16 substance.

17 Q Would it have been more than a half an
18 hour?

19 A Yes.

20 Q Did he tell you what happened while you
21 were out of the room?

22 A Yes.

23 Q Do you recall his description?

24 Obviously not verbatim, but the sum and substance
25 of it?

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1 LORIN BRASS, November 8, 2006

2 A I'll tell you what I recall --

3 Q Great.

4 A -- that very early in the presentation
5 Roelof had used the slide with the 37 percent
6 number on it. Well, let me say it differently.

7 Very early -- I don't know what slide was on the
8 screen, but very early in the presentation Phil
9 was extremely agitated and extremely vocal about
10 his, his discontent. And my understanding of that
11 discontent was that we -- Roelof, myself -- in the
12 note and in the presentation, had again led with
13 an answer, the 37 percent, or at least it seemed
14 to Phil.

15 Phil's view was: Give me the numbers,
16 give me what is submitted, give me what is
17 Athabasca, give me what the issues are. I'm smart
18 enough. I understand reserves. I can conclude or
19 I can think about, at the end of the day, possible
20 decisions we'll make around these reserves. So to
21 my concern we expressed earlier about the

22 methodology style, et cetera, we were using, it
23 certainly really agitated him to be told that that
24 number might be an answer.

25 So yes, there was also general concerns

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1 LORIN BRASS, November 8, 2006
2 about not getting a hundred percent reserves
3 replacement, but his super-agitation came from the
4 the fact that we had tried to lead with telling
5 him, "Your answer, Phil, is 37."

6 Q What was Platenkamp's reaction to Phil's
7 reaction as he expressed it to you?

8 A In the meeting I don't know, but he
9 labeled it very quickly a "career-ending" event.
10 He thought he had just ended his career.

11 Q What happened to Mr. Platenkamp the
12 trajectory of his career?

13 A He was promoted to SEG, to the Senior
14 Executive Group, which is a very sought-after
15 level, the level we talked about earlier, and is
16 still doing -- still works in NAM in the
17 Netherlands, and the career is doing fine.

18 Q When was he promoted?

19 A About three or four months after he left
20 the position that John Bell took. He also went
21 into some special project work, awaiting a
22 position, awaiting a next job. He had some very
23 kind of special requirements due to personal
24 issues that led him to not be able to leave the
25 Netherlands, so whenever an employee had some

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1 LORIN BRASS, November 8, 2006
2 pretty small windows to move people around, we
3 sometimes have to let a little time pass for
4 opportunities to evolve, and he was therefore
5 doing other projects, not the same ones I did, but
6 some sort of projects that were keeping him very
7 well occupied, but when he finally had the
8 opportunity to find a position, that position was
9 the next grade level up, and he was chosen for
10 that position.

11 Q Do you know why he -- did he leave the
12 position he held in 2000 to take that position, or

13 was he moved -- did he leave that position --

14 A No, this job was one where we rotate
15 people through, so Roelof had put in his time as
16 the Manager of Strategy and Planning, so it was
17 the natural cycle, and in preparation of him
18 leaving we had posted the job, already selected
19 the new candidate for the job, so -- and he was
20 well -- he understood that. He was completely on
21 board with that. That was the normal process. He
22 was ready to move on, even though he didn't have
23 knowledge of where his next job would be. John
24 Bell was selected. Roelof "Said, listen, there's
25 not room for two of us in this job," so we found

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1 LORIN BRASS, November 8, 2006

2 other things for Roelof to do while John took over
3 the job.

4 Q Did Mr. Yaxley ever hold that job?

5 A No.

6 Q Was -- when he, when Platenkamp told you
7 he thought it had been a career-ending event, did
8 you ever hear anybody express the view that
9 perhaps it had been a career-ending event?

10 A No, no. As I recall, I even asked
11 Roelof to go talk to some of the other ExCom
12 members which he knew quite well, and again I'm a
13 little vague in my memory, but I think they all
14 gave him good assurances that, hey, things happen,
15 and yeah, that wasn't a smart thing to do, but put
16 it behind you, move on, but Roelof had a lot of
17 things happening in his life. He had had very
18 severe health issues, he had marriage issues, he
19 had children issues, and this was just a little
20 bit over the top. It really impacted him hard.

21 Q Did you ever have any communication with
22 Mr. Watts regarding the fact that the presentation
23 had suggested an answer of 37 percent?

24 A Not that I recall. I would also say
25 that, you know, when Phil wanted to make a

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1 LORIN BRASS, November 8, 2006

2 statement, he made a statement, but then he moved
3 on, and chances are he put it behind him a lot

4 sooner than Roelof put it behind him. That was
5 his style answer. It wasn't my specific knowledge
6 of this issue; it was more general to Phil's
7 style.

8 Q When you and Mr. Platenkamp were
9 discussing the presentation prior to it being
10 made, did you ask him whether or not he had given
11 similar presentations in the past, in previous
12 years in his position to the ExCom board?

13 A No. I guess, I guess I was making an
14 assumption at the time that he had done that, and
15 perhaps I knew, but I can't recall now, but Roelof
16 gave lots of presentations to the ExCom. He was
17 almost on every agenda because of the job he was
18 in.

19 Q So was the 37 percent number the number
20 that Roelof -- I mean that Roelof was suggesting
21 was the correct answer?

22 A I guess you'd have to ask him.

23 Q What was your understanding at the time?

24 A Yes, that Roelof believed that that was
25 the number. I think the only again reason for a

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1 LORIN BRASS, November 8, 2006
2 bit of hesitation is because I think he shared
3 everyone else's uncertainty about how to handle
4 Iran.

5 Q But, for example, with respect to Abu
6 Dhabi, did he believe that there should have been
7 a reduction in the proved reserves as a result of
8 the delay -- as a result of delayed growth and the
9 license expiry issue?

10 MR. CLARK: Objection.

11 THE WITNESS: I don't know. What I do
12 know is that Roelof and his staff created these
13 slides and had come to these conclusions, and
14 again I had reviewed those, so this, this
15 represented the measured view of the, of the work
16 that had been done to that point.

17 BY MS. MARSHALL:

18 Q So when you went over this slide with,
19 and the, and the presentation note with
20 Mr. Platenkamp, do you recall whether or not you

21 formed an opinion as to whether there should be a
22 de-booking of the proved reserves in Abu Dhabi?

23 MR. MORSE: Objection to form.

24 THE WITNESS: I -- my position is that I
25 was again three and a half weeks on the job. I

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2 had not had enough time to put my own stamps of
3 approval or not on these numbers. I was relying
4 on the people in the organization. I had heard
5 the arguments. I knew that there would be more
6 arguments made at ExCom and different views, and
7 the learned view would emerge at some point as to
8 whether we should do these, so I had not formed a
9 position on these issues.

10 BY MS. MARSHALL:

11 Q Do you know if Anton Barendregt had
12 formed a position on these issues?

13 A I'd have to refresh myself with his
14 report, but the answer, I think, is yes, that many
15 of these issues he had commented on in his report.

16 Q Do you know if he and Mr. Platenkamp had
17 any disagreement with respect to the correct path
18 to take with respect to any of these issues?

19 A I know they are in agreement with some,
20 because I know Anton, for instance, when Nigeria
21 was fully supportive of stopping to book reserves
22 in Nigeria -- and that was the much bigger issue.
23 Again I don't know whether or not Abu Dhabi, Anton
24 and Roelof had different opinions. It could be
25 checked again by checking the report, but I just

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1 LORIN BRASS, November 8, 2006

2 can't recall.

3 Q Did you and Mr. Platenkamp discuss after
4 the meeting, after the January 31st meeting, the
5 actions that had been taken at the meeting?

6 A Yes.

7 Q And so after he told you that he thought
8 this had been a career-ending event, what else did
9 he tell you had happened at the meeting?

10 A I really don't recall the specifics. It
11 was so much about that issue, almost I think

12 nothing was left for any other, you know, sort of
13 rational discussion on, well, what do we do. I
14 suppose a bit was, but I only recall that, uh,
15 that it was just a long discussion about what had
16 happened.

17 Q Was Mr. Platenkamp angry at Mr. Watts'
18 reaction?

19 A He was -- I don't know what word to use.
20 "Anger" wouldn't have been the one. He was
21 "devastated" would be a better answer.
22 Melancholy, remorse, sad.

23 Q Did you speak with other members of the
24 ExCom about what had transpired at the meeting
25 when you were out of the room?

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1 LORIN BRASS, November 8, 2006

2 A I don't recall.

3 Q What was your relationship with
4 Mr. Rothermund?

5 A He was a fellow ExCom member. His
6 responsibilities at that time included Africa and
7 South America, so he's a colleague on the ExCom.

8 Q Did you have any reason to interact
9 specifically with him when you joined ExCom in
10 January of 2000?

11 A I don't recall in January that Heinz and
12 I had particularly had specific discussions in
13 January.

14 Q Well, at any time in 2000 did you
15 discuss ever having any discussions or specific
16 discussions with Mr. Rothermund?

17 A Oh, sure. I mean I did with all the
18 ExCom members on an ongoing basis, so whether it
19 had to do with the Business Plan or with this
20 development, et cetera, we would talk very, very
21 frequently with he and all the other ExCom
22 members.

23 Q So would you say that you and the other
24 ExCom members would have informal conversations
25 routinely?

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1 LORIN BRASS, November 8, 2006

2 A Yes.

3 Q Do you recall whether or not you ever
4 had any informal conversations regarding reserves
5 with the other members of ExCom during 2000?

6 A During 2000? I don't recall.

7 Q Do you know why a decision was made, a
8 decision was made for there to be no change in the
9 Abu Dhabi reserves?

10 A No, I can't recall.

11 Q There's an item here. It says, "Brass/
12 (Platenkamp) to provide an analysis of an
13 exploration expenditure, discovered expectation
14 volume and unit resource finding cost for Sector
15 USA and WOUSA by 7th February." Did you undertake
16 such an analysis?

17 A We always did what we were asked for
18 from an ExCom point of view. I can't recall the
19 specifics. I could only say that if we were asked
20 to do it and do it by February 7th, then we did
21 it.

22 Q Do you know what such an analysis would
23 have entailed?

24 A Really a lot of, of what we talked about
25 earlier with the Exploration FRD. It would have
0172

1 LORIN BRASS, November 8, 2006
2 been going back and looking at how much money we
3 spent, how much those expenditures brought forward
4 in terms of expectation oil and gas volumes, and
5 then the simple math of finding the unit resource
6 finding cost and breaking that down by the USA and
7 the World Outside the USA.

8 Q And is that what WO" stands for, "World
9 Outside"?

10 A Yes.

11 Q But you have no specific recollection of
12 working on this particular assignment?

13 A No.

14 Q Do you recall whether or not you had any
15 conversation with Mr. Aalbers about what had
16 transpired at the January 31st, 2000, ExCom
17 meeting?

18 A I just don't recall.

19 Q Do you recall whether you ever had any

20 conversations with Mr. Barendregt about what had
21 transpired at the January 31st, 2000, ExCom
22 meeting?

23 A Again I don't recall having a discussion
24 with Anton.

25 Q If you look under, back to the minutes,
0173

1 LORIN BRASS, November 8, 2006
2 Number 6, it says, "New Nigeria MOU." Do you
3 recall this agenda item being discussed at the
4 meeting?

5 A No.

6 Q Do you have any particular recollection
7 of this issue?

8 A No.

9 Q If you look toward Number 25, which is
10 on the next page, it says, "Shell Technology EP --
11 Mandate to Engage external financial partners
12 supported. Warren to send the supporting strategy
13 note to Brass." Can you explain what this was
14 regarding.

15 A Boy, I don't know.

16 Q Now, if you go back to the slide
17 presentation that was created for the
18 January 31st meeting, if you go to Page 2785, the
19 Bates ending 2785, can you explain what this page
20 is.

21 A I think so. It is the matrix of, of
22 relating to the various options or issues that we
23 had discussed and the result on the Reserves
24 Replacement Ratio, so the very left-hand column
25 was submissions by the Operating Units that would
0174

1 LORIN BRASS, November 8, 2006
2 have resulted in 71, 31 and a total of 56. The
3 proposed data was the one that was in the note
4 called here "proposed," but it was the one, that
5 37 percent we've been talking about, and then
6 these following ones just show the what-ifs. What
7 if we put the divestment volumes back in as if
8 they weren't divested. That would yield a 78.

9 Q So at the top of that column it says,
10 "Excl. A&D." What does that mean?

11 A Excluding acquisitions and divestments,
12 but we only had divestments in that year, so if
13 you differenced from the 37, if you put those
14 divestment volumes back in, you would end up with
15 78, or, alternatively, differenced from the 37,
16 you put in the mining reserves, you'd end up with
17 82. If you put both AOSP and Iran in, you'd end
18 up with 94, and if you put everything back in,
19 Iran and the AOSP and the divestments, you end up
20 with 135 percent.

21 Q Do you understand what was in the
22 56 percent number in the initial data that was
23 different from the proposed data that led to the
24 37 percent number?

25 A Well, at a minimum it would have been
0175

1 LORIN BRASS, November 8, 2006
2 the Nigeria 50 million barrels as an example.
3 There were other things, ins and outs, too. Well,
4 no, I shouldn't say, because I'm not sure how Abu
5 Dhabi was treated in the submission, but I know
6 the 50 million reduction that we did was from the
7 OU submission, so it's got to represent perhaps
8 the bulk of this difference between 56 and 37.

9 Q So when the OU made the submission, they
10 made the submission with a plan to book?

11 A Right.

12 Q And based on Mr. Platenkamp's
13 understanding of the Shell Guidelines and SEC
14 rule, those were excluded?

15 A That's the license extension issue, so
16 it was in Anton's report. Clearly Remco and
17 through Roelof supported that, so they were all
18 very consistent in their view to not book more at
19 Nigeria.

20 Q Do you know what was the difference, if
21 any, between the license extension issue in
22 Nigeria and the license extension issue in Abu
23 Dhabi?

24 A I don't know the particulars of those
25 contracts. I know that Abu Dhabi expired in 2014

0176

1 LORIN BRASS, November 8, 2006

2 and Nigeria expired in 2019. There was, there
3 was -- and if we look more at the Nigerian
4 situation, there was a lot more question in
5 Nigeria regarding the license itself, and debate
6 would ensue about whether or not that is actually
7 the end of the contract or just, under the current
8 format, the end, such that perhaps the end was
9 even much further out. In Abu Dhabi there was
10 less discussion about the nebulous nature of the
11 definition of the contract. It seemed like
12 everyone understood that one would expire. Not
13 that it couldn't be extended, but it was a much
14 clearer understanding of expiry.

15 Q Were there any discussions in January of
16 2000 or February of 2000 as to whether any of the
17 reserves that had been previously booked for
18 Nigeria were questionable because of the license
19 expiry issue?

20 A I think it's really the same answer.
21 Nigeria, in order to produce what's already on the
22 books in the remaining 19 years, would have to
23 have a significant increase in production to use
24 up all those reserves. So the debate began and
25 continued for quite some time as to Nigeria's
0177

1 LORIN BRASS, November 8, 2006
2 ability to actually deliver on that production
3 growth, and there were people on every side of
4 that issue. Of course, a lot of people in-country
5 that are closest to it believe they certainly
6 could do it. We certainly put a lot of investment
7 towards Nigeria to do it, and yet their historic
8 trend would not necessarily give you confidence,
9 high confidence that they could deliver that.

10 Q Was there any discussion in January of
11 2000 about whether or not any of the bookings that
12 had been previously made for Nigeria needed to be
13 de-booked?

14 A Not specifically at this time.
15 Remember, this is 2000, and the actual expiry is
16 all the way in 2019, so what people wanted to do
17 is dig much deeper into the details and the
18 information before they would come to a measured

19 view as to something as de-booking.

20 Q Did the question -- was the question
21 ever articulated, though, in January of 2000 by
22 anybody?

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

25

0178

1 LORIN BRASS, November 8, 2006

2 BY MS. MARSHALL:

3 Q You can answer the question.

4 A I don't recall.

5 Q Did you understand, when you looked at
6 this chart with Mr. Platenkamp, how it could be
7 possible to exclude A&D?

8 A Well, there's not a lot of discussion or
9 mystery around excluding A&D. In any portrayal to
10 the outside market, whether it's through your
11 Reserves Report or your Annual Report or your 20F
12 or just your investment relations discussion, you
13 will always tell them both numbers. They will
14 know what you divested during the course of the
15 year, when that divestment was made. You tell
16 them how many proved reserves are part of that
17 sale package, usually. So it's more of how do
18 you -- how do you make the communication. It's
19 not really whether or not people are going to be,
20 have any doubt as to what including A&D number and
21 excluding A&D number is. It's very routine for
22 oil companies to talk about. Here's a number, it
23 includes A&D, and usually it's called "Organic
24 versus Total." And so people will talk in terms
25 of organic, which exclude A&D, and they'll talk

0179

1 LORIN BRASS, November 8, 2006

2 about totals that include A&D.

3 Q In terms of reserve reporting pursuant
4 to the SEC requirement, was the possibility of
5 excluding A&D ever discussed?

6 MR. MORSE: Objection.

7 MR. CLARK: Objection; form, lack of
8 foundation.

9 BY MS. MARSHALL:

10 Q You can answer the question.

11 A I've gotten confused now. Could you
12 just ask the question perhaps a little
13 differently.

14 Q Well, let me show you the way I asked
15 the question. What you don't understand, why
16 don't you let me know.

17 In terms of reserve reporting pursuant
18 to the SEC requirement, was the possibility of
19 excluding A&D ever discussed?

20 MR. MORSE: Same objection.

21 MR. CLARK: Same objection.

22 THE WITNESS: I guess my answer is that
23 again there was never really any discussion much
24 about the including and excluding, because we will
25 report to SEC Guidelines on that issue. That's

0180

1 LORIN BRASS, November 8, 2006
2 not a question of should it be in or should it be
3 out. Whatever the SEC Guidelines are, we'll do it
4 exactly that way in our annual report, and maybe
5 even on the same page we will make a comment about
6 the impact of acquisition and divestments on that
7 number. So it's -- again we will get both numbers
8 in there in the report, and we will do it exactly
9 according to SEC Guidelines.

10 BY MS. MARSHALL:

11 Q Well, if everything was going to be so
12 transparent to the outside world, why did it make
13 such a big difference what the number was going to
14 be?

15 MR. MORSE: Objection.

16 MR. CLARK: Objection; argumentative.

17 THE WITNESS: I actually don't
18 understand that question.

19 BY MS. MARSHALL:

20 Q Okay. What I'm confused about is
21 that -- why don't we take a step back. What was
22 the purpose of looking at these different bottom-
23 line numbers?

24 MR. CLARK: Objection.

25 THE WITNESS: It was simply to portray

0181

1 LORIN BRASS, November 8, 2006

2 all the information back to -- of course, actually
3 this chart is almost exactly, I'm sure, what Phil
4 would have liked to have seen in the first
5 instance, because it shows all the moving parts.
6 Everything that is happening in or around the
7 major issues, in or around the reserves issues are
8 all simply laid out here.

9 BY MS. MARSHALL:

10 Q And he was upset because the
11 presentation suggested that the answer should be
12 37 percent?

13 MR. CLARK: Objection.

14 MR. MORSE: Objection to form.

15 BY MS. MARSHALL:

16 Q Is that correct?

17 MR. CLARK: Objection again.

18 THE WITNESS: He didn't have this at the
19 time he read this, so his initial reaction came
20 from reading this note over the weekend and seeing
21 the headline bullet say, you know, here is the
22 number, 37 percent.

23 BY MS. MARSHALL:

24 Q So he got the -- when you say "this
25 note," so the record is clear, you're talking

0182

1 LORIN BRASS, November 8, 2006

2 about Exhibit Number 2?

3 A Yes.

4 Q So he received Exhibit Number 2 prior to
5 the actual presentation meeting on January 31st?

6 A Yeah. By routine, all the notes are
7 sent to ExCom members X days before the meeting.

8 Q When you say he had it over the weekend,
9 do you recall what day of the week this meeting
10 was, the January 31st, 2000, meeting?

11 A I think it was Monday, simply because I
12 know he was reading this over the weekend, so I
13 have a sense this was either Monday or Tuesday,
14 early in the week.

15 Q Did he communicate his reaction to the
16 note prior to the meeting at any point?

17 A No, not to me.

18 Q How do you know he read the note prior
19 to the meeting?

20 A Because the information that came back
21 after the meeting, which again I think just comes
22 from the discussion I had with Roelof, which then
23 must have come from the meeting, because the
24 comment was made by Phil, as I understand it, in
25 the meeting, that this note absolutely ruined his
0183

1 LORIN BRASS, November 8, 2006
2 weekend.

3 Q Well, if you look to Page V00070173 of
4 Exhibit Number 2, the bottom of the page, it's
5 Page 3 of the --

6 A Thank you.

7 Q It's that Bates number I just read out.

8 A Right.

9 Q He would have received this chart -- he
10 would have definitely seen this chart then?

11 MR. CLARK: Objection.

12 BY MS. MARSHALL:

13 Q After the meeting, correct?

14 MR. CLARK: Same objection.

15 THE WITNESS: It would be, I think -- he
16 would have received the note. He would have been
17 sent the note. One has to assume the note was
18 intact and all the pages were here, et cetera, in
19 order for him to have seen everything. I don't
20 know that to be the case.

21 BY MS. MARSHALL:

22 Q Okay. If you look at the two charts,
23 the one from Exhibit Number 3 that we had just
24 been looking at, the full-page chart, and then you
25 look at this one on Exhibit -- the bottom of Page,
0184

1 LORIN BRASS, November 8, 2006
2 Exhibit Number 2 --

3 A Uh-huh.

4 Q -- the first column of numbers are the
5 same; is that correct?

6 A Yes.

7 Q The second columns of numbers are the
8 same; is that correct?

9 A Yes.

10 Q The third column of numbers is the same;
11 is that correct?

12 A Yes.

13 Q The fourth column of numbers is the
14 same; is that correct?

15 A Yes.

16 Q The fifth column of numbers is the same;
17 is that correct?

18 A Yes.

19 Q Do you know why the sixth column of
20 numbers that's in the slide presentation was not
21 included in the note?

22 A No. It really is simply the
23 mathematical sum of the two. All the same
24 information is there; it's just not -- it's just
25 not made into a separate column.

0185

1 LORIN BRASS, November 8, 2006

2 Q Do you know if Mr. Platenkamp had the
3 opportunity to show any of the slides that were
4 created for this presentation --

5 MR. CLARK: Objection.

6 BY MS. MARSHALL:

7 Q -- at the meeting?

8 A Well, when I came back in, as I recall,
9 there was still a remaining slide or two he was
10 showing. Therefore, that could only confirm that
11 those slides were shown. However, my belief is
12 that there would have been more of these charts
13 shown. It's just that I was not there for them.

14 Q I'm going to take a minute and go back
15 to a question I asked you earlier.

16 Earlier I asked you whether or not
17 Mr. Watts was upset because the presentation
18 suggested that the answer should be 37 percent,
19 and you answered, after some objections, "He
20 didn't have this at the time he read this, so his
21 initial reaction came from reading this note over
22 the weekend and seeing the headline bullet say,
23 you know, here is the number, 37 percent."

24 Do you know whether or not Mr. Watts
25 expressed any opinion with respect to the

0186

1 LORIN BRASS, November 8, 2006

2 different options, the different figures that were
3 in the chart, that were in the note that he had
4 over the weekend?

5 MR. CLARK: Objection to form.

6 THE WITNESS: I really don't know if he
7 had any -- what his reaction was to the table on
8 Page 3.

9 BY MS. MARSHALL:

10 Q Do you know whether or not any of those
11 different numbers were discussed at the meeting?

12 A I can't know by being there in person,
13 because I wasn't there.

14 Q No, but from the description that you
15 received about the meeting, do you know whether or
16 not any of those numbers were discussed at the
17 meeting?

18 A Yes.

19 Q And were they discussed?

20 A Yes.

21 Q What did you learn about that
22 discussion?

23 A Well, one of the results of this type --
24 discussion from a page like this would have
25 resulted in the action item on Iran that appears

0187

1 LORIN BRASS, November 8, 2006

2 in the minutes of the meeting, so clearly the Iran
3 column issue here was a topic of discussion that
4 led to the action for Dominic and I to talk to
5 Wouter about whether Schrodgers can find out
6 whether industry -- what we can learn about
7 industry.

8 Q When you and Mr. Platenkamp discussed
9 the note prior to its being sent to the ExCom
10 members, including Mr. Watts, and you expressed
11 concern about leading with the 37 percent number,
12 did you propose an alternative to that?

13 A Again I can't say with certainty. I
14 remember the thoughts I had, and that was when I
15 started reading the note, too, the same note, the
16 first bullet which we're referring to said the

17 1999 proved reserves in place is, da-da-da,
18 37 percent. That is a conclusive statement. It's
19 not options. It's not, you know, here are all the
20 numbers. That was -- and my kind of gut reaction
21 is, ooh, ouch, that's putting it pretty bluntly.
22 And my style clearly would have been to discuss
23 this kind of a page first or put the table on Page
24 3 that you just referred to, sort of up front in
25 the document, saying here's kind of the plethora
0188

1 LORIN BRASS, November 8, 2006

2 of some of the big issues that we need to talk
3 about.

4 There are others, Nigeria, et cetera,
5 and at the end of the day, you know, I'll conclude
6 with again saying it's kind of the range of the
7 universe of what the possible outcomes might be,
8 some of which again are not really possible
9 outcomes when it comes to SEC bookings per se,
10 because we know we can't book mining reserves, we
11 know we have to be explicitly outlining
12 acquisition divestment, but this document is not
13 about isolation of an SEC report. This is about
14 the performance of Exploration and Production in
15 1999. That's why things like scorecards get
16 discussed, et cetera.

17 This is about communication to the
18 staff, saying, staff, how good did you do this
19 year. This is a key element for us. What are we
20 going to tell the staff that our reserves
21 replacement really is? They worked hard on those
22 divestments. They should know what it is and what
23 it's not. We spent a lot of money in Canada.
24 Shouldn't we tell them what that number is? It's
25 all those things rolled up into how people read
0189

1 LORIN BRASS, November 8, 2006

2 this document, and at the end of the day decisions
3 have to be made and then an SEC report needs to be
4 filed, but this was not just about an SEC report
5 conclusion; this was about the performance of E&P.

6 Q When the -- the first slide of Exhibit 3
7 says, "'99 Proved Oil/NGL and Gas Replacement

8 Ratio, 37 percent; low after three years high,"
9 and "challenge to communicate externally." Was
10 reporting to the SEC part of that challenge to
11 communicate externally?

12 A Again I didn't prepare the chart. My
13 interpretation would have been that the
14 communication externally was all forms of
15 communication externally, whether it's to the
16 investment relations -- investor community, to the
17 SEC, to the press, all forms of external
18 communication or media.

19 Q Was there an internal definition for
20 proved reserves within Shell that you were aware
21 of?

22 A Yes.

23 Q And what was that?

24 A If you were -- at that time, if you were
25 to walk up to people in Shell outside the U.S. and
0190

1 LORIN BRASS, November 8, 2006
2 talk about what are proved reserves in Shell, they
3 would refer you to the Shell Guidelines. If you
4 were to walk up to someone in the United States,
5 they'd probably refer you to the SEC Guidelines.
6 And of course, as you can see, in many of the
7 documents we are trying to ensure that the Shell
8 Guidelines were matching the SEC Guidelines or
9 soon to match the SEC Guidelines, but indeed the
10 terminology, the language used in Shell
11 historically, all the way back, even before, you
12 know, they bought out remaining shares in the
13 United States, people were taught to use the Shell
14 Guidelines.

15 MS. MARSHALL: Okay. I think that this
16 is a good place to break.

17 THE VIDEOGRAPHER: This marks the end of
18 Volume 1 in the deposition of Mr. Brass. The
19 total number of tapes used today is three. We are
20 going off the record. The time is 5:11 p.m.

21 (Signature having not been waived,
22 Volume I of the videotaped deposition of LORIN
23 BRASS was concluded at 5:11 p.m.)
24

25

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1 LORIN BRASS, November 8, 2006

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3

4 ACKNOWLEDGEMENT OF WITNESS

5

6 I, LORIN BRASS, do hereby acknowledge

7 that I have read and examined the foregoing

8 testimony, and the same is a true, correct and

9 complete transcription of the testimony given by

10 me, and any corrections appear on the attached

11 Errata sheet signed by me.

12

13

14

15 (DATE)

(SIGNATURE)

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1 LORIN BRASS, November 8, 2006

2 E R R A T A S H E E T

3 IN RE: ROYAL DUTCH/SHELL SECURITIES LITIGATION

4 RETURN BY:

5 PAGE LINE CORRECTION AND REASON

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25 (DATE) (SIGNATURE)

0193

1 LORIN BRASS, November 8, 2006

2 E R R A T A S H E E T

3 IN RE: ROYAL DUTCH/SHELL SECURITIES LITIGATION

4 RETURN BY:

5 PAGE	LINE	CORRECTION AND REASON
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25 (DATE) (SIGNATURE)

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1 LORIN BRASS, November 8, 2006

4 CERTIFICATE OF SHORTHAND REPORTER -- NOTARY PUBLIC

5 I, Laurie Bangart-Smith, Registered

Professional Reporter, the officer before whom the

6 foregoing deposition was taken, do hereby certify
7 that the foregoing transcript is a true and
8 correct record of the testimony given; that said
9 testimony was taken by me stenographically and
10 thereafter reduced to typewriting under my
11 supervision; and that I am neither counsel for,
12 related to, nor employed by any of the parties to
13 this case and have no interest, financial or
14 otherwise, in its outcome.

15 IN WITNESS WHEREOF, I have hereunto set
16 my hand and affixed my notarial seal this 9th
17 day of November, 2006.

18 My commission expires: March 14th, 2011

19 _____
20 LAURIE BANGART-SMITH
21 NOTARY PUBLIC IN AND FOR
22 THE DISTRICT OF COLUMBIA
23
24
25

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

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IN RE ROYAL DUTCH/SHELL |
TRANSPORT SECURITIES |
LITIGATION |

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Videotaped Deposition of Lorin Brass
(Volume II)
Washington, D.C.
Thursday, November 9th, 2006
10:00 a.m.

23 Job No. 22-87682
24 Pages 195 - 398, Volume II
25 Reported by: Laurie Bangart-Smith

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Videotaped Deposition of
LORIN BRASS
Volume II

Held at the offices of:
LEBOEUF, LAMB, GREENE & MACRAE, LLP
1875 Connecticut Avenue, Northwest
Suite 1200
Washington, D.C. 20009

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21 Taken pursuant to notice, before Laurie
22 Bangart-Smith, Registered Professional Reporter,
23 Certified Realtime Reporter and Notary Public in
24 and for the District of Columbia.
25

0197

1
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0200

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0201

1 LORIN BRASS, November 9th, 2006
2 PROCEEDINGS
3 THE VIDEOGRAPHER: This marks the
4 beginning of Tape 1, Volume II, in the deposition
5 of Lorin Brass in the matter of Royal Dutch/Shell
6 Transport Securities Litigation, in the United
7 States District Court, District of New Jersey.

8 Case Number 04-374. Today's date is November 9th,
9 2006. The time is 9:34 a.m. The video operator
10 today is Cali Day of LegaLink New York. This
11 deposition is taking place at 1875 Connecticut
12 Avenue, Northwest, Washington, D.C., 20009.

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

15 MS. MARSHALL: Caroline Marshall,
16 Bernstein, Liebhard & Lifshitz, on behalf of lead
17 plaintiff, Peter M. Wood and the class.

18 MS. KASNETT: Shiffy Kasnett, Bernstein,
19 Liebhard & Lifshitz, on behalf of lead plaintiff
20 and the class.

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

23 MR. HABER: Jeffrey Haber, Bernstein,
24 Liebhard & Lifshitz, on behalf of lead plaintiff,
25 Peter M. Wood and the class.

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1 LORIN BRASS, November 9th, 2006

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

5 MS. BRAMBLE: Jocelyn Bramble, LeBoeuf
6 Lamb, on behalf of the corporate defendants, Royal
7 Dutch/Shell Transport, and Mr. Brass.

8 MR. CLARK: Christopher J. Clark,
9 LeBoeuf, Lamb, Greene & MacRae, for the Royal
10 Dutch corporate defendants and the witness,
11 Mr. Brass.

12 MR. PLATT: Charles Platt, Shell
13 International BV, on behalf of the Royal
14 Dutch/Shell corporate defendants.

15 MS. TISKA: Tracey Tiska, for Hogan &
16 Hartson, here for defendants KPMG Accountants,
17 N.V.

18 MR. FOUKAS: Savvas Foukas, Hughes,
19 Hubbard & Reed, for PricewaterhouseCoopers, LLP.

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

22 MS. WICKHEM: Rebecca Wickhem, Foley and
23 Lardner, LLP, for Judith Boynton.

24 THE VIDEOGRAPHER: The court reporter

25 today is Laurie Bangart-Smith of LegaLink Smith.

0203

1 LORIN BRASS, November 9th, 2006

2 I would like to remind the witness that he is
3 still sworn in from yesterday.

4 You may begin.

5 LORIN BRASS,

6 having been previously sworn, testified further as
7 follows:

8 EXAMINATION BY COUNSEL FOR LEAD PLAINTIFFS

9 BY MS. MARSHALL:

10 Q Good morning, Mr. Brass.

11 A Good morning.

12 Q Turning back to the time period of
13 January 2000 and the January 31st ExCom meeting, I
14 believe yesterday you talked about certain -- we
15 talked about certain items, action items that were
16 to be taken after that meeting; is that correct?

17 A Yes.

18 Q After those -- were those action items
19 completed?

20 A Yes.

21 Q In what period of time?

22 A Rather short. Within the next month.

23 Probably within a shorter time frame than that.

24 Q Was there any meetings between yourself
25 and Mr. Watts during that time period regarding

0204

1 LORIN BRASS, November 9th, 2006

2 the reserves issue?

3 MR. MORSE: Objection to form.

4 THE WITNESS: And the time period being
5 that month?

6 BY MS. MARSHALL:

7 Q Oh, yes.

8 A I don't recall specific meetings.

9 Q Do you recall whether you had any
10 communication with Mr. Watts during that time
11 period after that -- about a month time period
12 after that meeting?

13 A I just don't recall.

14 Q Do you recall whether you had any
15 meetings with anybody during that time period

16 regarding the reserves issues that had been raised
17 at the January 31st, 2000, ExCom meeting?

18 A I had discussions with Remco and Roelof
19 and with Dominique Gardy, following up on those
20 action items.

21 Q What conversations -- what were the
22 subject matter of the conversations that you had
23 with Remco Aalbers?

24 A I just don't remember the details of
25 those discussions.

0205

1 LORIN BRASS, November 9th, 2006

2 Q Do you recall at a certain point a
3 decision being made with respect to the reserve
4 bookings for 2000 -- for 1999?

5 A Yes.

6 Q When was that decision made?

7 A I don't recall the date.

8 Q Do you remember what month it was in?

9 A I know all these had to be done for
10 contributions to the Annual Report and for
11 year-end reporting, so it was done before that
12 point, whatever that date was.

13 Q Was that in February or March?

14 A It should have been in February.

15 Q Okay. And who made the final decision;
16 do you know?

17 A Well, Phil Watts would have made the
18 decision, you know, subject to still the reviews
19 that are appropriate at CMD and the Board.

20 Q Did you have any interaction with the
21 CMD during January or February of 2000?

22 A No.

23 Q Do you know what decision Phil Watts
24 made regarding the reserve booking for 1999?

25 A I know that in the final analysis the

0206

1 LORIN BRASS, November 9th, 2006

2 Nowroosh Soroosh reserves were -- well, there
3 was -- I'm not recalling it precisely, because at
4 first they were not counted, and then later we did
5 report them, and that's the one I remember.

6 Q I'm confused about what you didn't

7 report and then you reported them.

8 A The Nowroosh Soroosh reserves. Oh,
9 sorry. The Iran, which the field is called
10 Nowroosh Soroosh. Just call it "the Iran
11 reserves," which we called them yesterday.

12 Q Okay. So originally they weren't
13 reported, and then that was changed?

14 A Yes.

15 Q And why is that?

16 A Again I wasn't in those decisions around
17 Iran, so I don't know.

18 Q With respect to the percentage number
19 for the Reserves Replacement Ratio, do you know
20 what percentage number was ultimately decided on?

21 A I believe it was 56.

22 Q And do you know where that number came
23 from?

24 A I couldn't build it back precisely. We
25 talked yesterday about the Abu Dhabi reserve still

0207

1 LORIN BRASS, November 9th, 2006
2 staying in and still going on, so that had to be
3 one of the ingredients.

4 Q Do you know whether or not Anton
5 Barendregt was involved in the decision-making
6 process to go with the 56 percent?

7 A I do not.

8 Q Do you know whether or not Phil Watts
9 ever had any conversations with Remco Aalbers
10 about including bookings that would go into the
11 makeup of the 56 percent?

12 A I don't, I don't know.

13 Q Was Oman an issue at the end of -- in
14 the beginning of 2000 for the 1999 bookings?

15 A The Oman issue was recognized. As we
16 talked yesterday about the license extension,
17 there was no -- as I recall, there was no debate
18 to do anything other than cap it, as had been
19 done, and leave it at that level.

20 Q So no bookings were made for Oman for
21 1999?

22 A No additional bookings.

23 Q Do you recall whether any additional

24 bookings were made for Oman at a later point in
25 time?

0208

1 LORIN BRASS, November 9th, 2006

2 A Well, a later point in time eventually.

3 We got a license extension in Oman and renewed the

4 contract, but that is actually several years

5 later.

6 Q Prior to the license extension do you

7 recall whether there would be any additional

8 bookings for Oman?

9 A I don't recall.

10 Q Well, what -- do you recall what

11 Mr. Platenkamp's reaction was to the decision to

12 go with the 56 percent?

13 A I don't.

14 Q Do you recall how you learned of that

15 decision to go with the 56 percent?

16 A I don't recall.

17 Q Were you asked your opinion about that

18 number and the elements that went into it?

19 A I don't remember being, being asked.

20 Q Did you ever have any conversations with

21 Mr. Watts as to how he decided upon that number?

22 MR. MORSE: Objection to form.

23 THE WITNESS: I don't recall.

24 BY MS. MARSHALL:

25 Q Do you recall having any questions in

0209

1 LORIN BRASS, November 9th, 2006

2 your mind as to how that number was reached?

3 A Again I just don't recall.

4 Q Do you know whether or not there were

5 any debates within the CMD with respect to that

6 decision?

7 A No, I don't know.

8 Q Is the -- was the 56 -- one moment. If

9 you look at Exhibit 2, and I'll turn you to the

10 correct page. It's the third page of the exhibit,

11 which is Bates V00070173. In the bottom of the

12 page there's a chart that we were looking at

13 yesterday, and in the first column, the title, it

14 says, "Initial Submission," and at the bottom the

15 total is 56 percent.

16 A Uh-huh.

17 Q Do you know if this is -- the 56 percent
18 that was decided upon was comprised of the same
19 reserves as was reflected in this 56 on the
20 exhibit?

21 A It is not the same.

22 Q Do you know how it's different?

23 A I know that the 50 million barrels from
24 Nigeria that was in the 56 was supported to be
25 removed, so it can't be the same 56.

0210

1 LORIN BRASS, November 9th, 2006

2 Q Do you know if the -- if the Nigeria
3 addition was removed, do you know how the number
4 got back up?

5 A Only what I said a minute ago, that Abu
6 Dhabi was taken out of the 37 and put back in, so
7 it would have been an element that moved the 37
8 back up, likely not enough to get to 56, but I
9 don't recall what the other elements were.

10 Q Do you know if you were told at any time
11 what the other elements were?

12 A I'm sure I was, but I don't recall.

13 Q Did you receive a document that
14 described the additions?

15 A I don't recall.

16 Q Do you know whether or not Remco Aalbers
17 was consulted prior to the decision to go with the
18 additions that Phil Watts made?

19 MR. CLARK: Objection to form.

20 THE WITNESS: No, I don't.

21 BY MS. MARSHALL:

22 Q Do you know if Anton Barendregt was
23 consulted prior to the decision to go with the
24 additions that resulted in the 56 number that Phil
25 Watts decided?

0211

1 LORIN BRASS, November 9th, 2006

2 MR. CLARK: Objection to form.

3 MR. MORSE: Objection to form.

4 THE WITNESS: No, I don't.

5 BY MS. MARSHALL:

6 Q Do you recall any debate after the
7 January 31st, 2000, meeting, regarding the
8 reserves addition for 1999?

9 A No. As I mentioned earlier, I remember
10 having discussions, especially with Dominique,
11 following up on the questions about Iran that he
12 asked us to check with Wouter DeVries and a
13 suggestion to check that with Schrodgers, but as I
14 said there, I don't recall the details of that,
15 nor especially the outcome of it.

16 Q If you look at the same page that's in
17 front of you, the chart that's titled "Major
18 Changes by Categories and Country," what was the
19 purpose of that chart?

20 A Simply to inform the ExCom of what the,
21 a bit more sizable moving parts were, and these
22 kinds of categories are the typical categories
23 that were discussed in relationship to reserves,
24 so divestments, acquisitions, discoveries,
25 extensions, et cetera.

0212

1 LORIN BRASS, November 9th, 2006

2 Q What does extensions and discoveries
3 mean?

4 A Discovery would have been either
5 following on from an exploration well. Extensions
6 would have been drilling further into a field that
7 extends the volume of the field or extends the
8 known area of hydrocarbons in the field.

9 Q And what do these numbers signify?

10 A How much additional oil was either added
11 or subtracted as a result of each of those
12 activities, oil and gas, oil on the left side and
13 gas on the right column.

14 Q If you look under "Improved Recovery"
15 under "Oman," there's an addition of nine. Do you
16 know if that addition was included in the reserve
17 booking number?

18 A No, I don't.

19 Q And then below that it says "Oman PDO"
20 under "Revisions and Reclassifications." What did
21 you understand that positive 12 to signify?

22 A Well, a revision or a reclassification

23 is sometimes moving it from one of the reserve
24 categories -- is moving it from one reserve
25 category to another, but I don't have -- beyond
0213

1 LORIN BRASS, November 9th, 2006
2 that I don't know.

3 Q Do you know if there were discussions
4 about placing some revisions, some
5 reclassifications into a proved classification for
6 Oman?

7 A No, I don't.

8 Q When you look at the issues that are
9 listed, I notice that Oman was not an issue
10 listed, is that correct, in this document?

11 MR. CLARK: Are you referring to
12 Bates --

13 MS. MARSHALL: Yeah, the exhibit he has
14 before him. That's what we're talking about.

15 THE WITNESS: No.

16 BY MS. MARSHALL:

17 Q I'm confused about whether or not you
18 know definitively whether or not Oman proved
19 reserves were -- additions to the Oman proved
20 reserves were booked for 1999.

21 A And I think I have to say I don't know.

22 Q So it's possible that they were?

23 A I just don't know.

24 Q Okay. Were you aware in January of 2000
25 that there was a license issue with respect to
0214

1 LORIN BRASS, November 9th, 2006
2 Oman?

3 A I recall in at least Anton's report he
4 begins to mention Oman as an element of concern or
5 element of question. That's -- along with that
6 document, that's probably the first I began to be
7 aware of the Oman issue.

8 Q Do you recall whether he suggested there
9 should be any bookings for Oman for 1999 as a
10 result of that issue?

11 A No, I don't.

12 Q If you go to Page 5 of the document,
13 which is Bates V00070175, under "Australia"

14 there's a discussion about the Gorgon reserves.
15 It says, "In view of the limited market
16 availability, an already large uncommitted proved
17 gas reserves carried by SDA, based on future
18 market expectations, it has been proposed and
19 agreed with SDA and EPA not to include the
20 additional 20 MRD SM3 for 1/1/2000. Booking of
21 the additional volumes in future is subject to
22 future (sic) market development and capture."

23 Do you recall discussions surrounding
24 the Gorgon field?

25 MR. CLARK: It says "further market
0215

1 LORIN BRASS, November 9th, 2006
2 development and capture."

3 MS. MARSHALL: Thank you. "Further
4 market development and capture."

5 BY MS. MARSHALL:

6 Q Do you recall discussions regarding the
7 Gorgon field at the ExCom meeting?

8 A No. Again I missed most of that, so I
9 don't, I don't know.

10 Q Do you know whether or not, based on
11 your conversations with participants of that
12 meeting, whether or not Gorgon was discussed at
13 the meeting?

14 A No, I don't recall.

15 Q Do you recall being aware of a potential
16 issue with Gorgon in January of 2000?

17 A Yes, as a result of this review.

18 Q Do you recall as a result of this review
19 whether or not you ever participated in any
20 discussions in January or February of 2000 that
21 questioned whether or not the Gorgon fields should
22 be subject to a de-booking?

23 A I don't recall those discussions.

24 Q The bottom of this section involving
25 Australia, it says, "Proved gas volumes in
0216

1 LORIN BRASS, November 9th, 2006
2 Australia have been a point of challenge by the
3 External Auditors (KPMG, PwC) for the last two
4 years already, and incremental booking at present

5 would be hard to support."

6 When you assumed your role in January of
7 2000, did you endeavor to find anything more about
8 any challenge by the External Auditors of the
9 proved gas volumes in Australia?

10 A I don't recall making an additional
11 effort in January of 2000. I -- you know, Anton
12 brings up Gorgon in his reports regularly, and as
13 part of that, you know, Anton had made the
14 statement that, in his mind, due to the fact of
15 this large amount of volume and eventual market in
16 that region, clearly these reserves would be
17 developed at some point in time, and therefore he
18 supported maintaining them on our books. Beyond
19 that, I don't recall doing anything else in
20 January.

21 Q When he stated that, in his mind, due to
22 the fact of this large amount of volume and
23 eventual market in that region, that the reserves
24 would be developed at some point in time, did you
25 understand the time frame he was imagining with

0217

1 LORIN BRASS, November 9th, 2006
2 some point in time?

3 MR. CLARK: Objection to form.

4 MR. MORSE: Objection to form.

5 THE WITNESS: No.

6 BY MS. MARSHALL:

7 Q Did you have an idea in your mind as to
8 when you thought that market would materialize?

9 A There was -- and again this probably
10 goes past January, but there was all kinds of
11 predictions as to when the Asian market would turn
12 around, and the view was that gas would be headed
13 towards some of the Asian markets, but the
14 predictions of when those turn-arounds would occur
15 were, as I said, quite varied, and really that's
16 all I recall relative to the topic at that point
17 in time.

18 Q Do you recall what the range of
19 possibilities discussed was?

20 A No.

21 Q Do you recall whether there was any

22 conversation with regards to the market for the
23 Gorgon reserves that talked about whether or not
24 the SEC rule required anything more specific?

25 A Could you say that question again,
0218

1 LORIN BRASS, November 9th, 2006
2 please.

3 Q Sure. Do you recall whether there was
4 any conversation with regards to the market for
5 the Gorgon reserves regarding whether or not the
6 SEC rule required anything more specific? And by
7 "anything more specific" I mean the market at some
8 point in time.

9 MR. CLARK: Objection to the form.

10 THE WITNESS: I guess what I was aware
11 of at the time was what Anton had put in his
12 report. Nothing really more than that.

13 BY MS. MARSHALL:

14 Q Did you at any point in time ever learn
15 more details about discussions with the External
16 Auditors regarding Gorgon?

17 A No.

18 MS. MARSHALL: I'm going to show you a
19 document that we'll mark as Exhibit Number -- I
20 think we're up to 5, which is Bates RJW00140705
21 through 710.

22 (Exhibit No. 5 was marked for
23 identification and attached to the deposition
24 transcript.)

25 MS. MARSHALL: I think while we're
0219

1 LORIN BRASS, November 9th, 2006
2 looking at this exhibit, I might as well mark
3 another one, Exhibit Number 6, which is
4 RJW00072555.

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

8 BY MS. MARSHALL:

9 Q Take a moment to review the documents.

10 A Okay.

11 Q Do you recognize Exhibit Number 5?

12 A Yes.

13 Q Can you explain what it is, please.

14 A It's the -- it's the letter, annual
15 letter to again the External Auditors regarding
16 the standardized measure.

17 Q And what was the purpose of the letter?

18 A To transmit the fact that we have done
19 the calculations and have reviewed the matters and
20 find that they are acceptable and accurate, and
21 therefore telling that to the advisors.

22 Q Who drafted the letter?

23 A I really can't be sure.

24 Q Is that your signature on the letter?

25 A Yes.

0220

1 LORIN BRASS, November 9th, 2006

2 Q In the pages that follow the letter,
3 there's a note dated February 23rd, 2000, from
4 Remco Aalbers to yourself. Was this note sent
5 with the letter to the auditors, if you know?
6 This was how the document was produced, so I'm
7 just trying to understand that.

8 MR. CLARK: Objection to form, but . . .

9 THE WITNESS: I really can't say. I
10 don't know.

11 BY MS. MARSHALL:

12 Q Do you recall receiving that note dated
13 February 23rd from Remco Aalbers?

14 A Oh, really as a result of this review,
15 yes.

16 Q Were any other letters sent in 2000 to
17 the External Auditors that had your signature?

18 A Yes. There would have been the
19 equivalent of this letter.

20 Q And that's Exhibit Number 6?

21 A Yeah, but this is for 2001.

22 Q I see that, yeah. Thanks.

23 A So, yeah, those two letters are the
24 standard -- are the two letters that are sent to
25 the External Auditor on an annual basis for the

0221

1 LORIN BRASS, November 9th, 2006

2 work that we did.

3 Q So if you look at Exhibit Number 6, do

4 you recognize this document?

5 A Yes.

6 Q And what would you describe it to be?

7 A Again it's our Letter of Representation,
8 sometimes called our Letter of Comfort, to the
9 External Auditors confirming our views of the
10 reserve situation for the company.

11 Q Is it a standard form letter?

12 A Although it tends to cover the same
13 categories year by year, there's always some
14 differences, obviously, in the text pertaining to
15 what the situation is every year, but the format
16 you'll find is generally the same.

17 Q So you signed a similar letter in 2000
18 regarding --

19 A Yes.

20 Q -- the reserves, correct?

21 A Yes. Myself and Linda Cook signed that
22 letter.

23 Q Why, if you know, did Phil Watts sign
24 the February 1st, 2001, letter?

25 A He specifically wanted to.

0222

1 LORIN BRASS, November 9th, 2006

2 Q When did that come to your attention
3 that he wanted to sign that letter?

4 A Oh, I don't recall.

5 Q Had he, to your knowledge, signed
6 similar letters in prior years?

7 A All I know is the prior year, as I
8 recall, Linda and I signed the letter. I don't
9 know what had happened prior to that.

10 Q Did he ever communicate to you why he
11 wanted to sign the 2001 letter?

12 A No.

13 Q Prior to his signing this letter in
14 February of 2001, which is Exhibit 6, were you
15 aware of any issues that had been raised by KPMG
16 regarding the reserves information for 2000?

17 MR. MORSE: Objection to the form.

18 THE WITNESS: I'm not aware of any.

19 BY MS. MARSHALL:

20 Q Why were you the person or one of the

21 people that was responsible for signing these
22 letters?

23 A The reserves work, through the work of
24 the like of Remco and Roelof and others we've
25 discussed, were in my organization, and had -- and
0223

1 LORIN BRASS, November 9th, 2006
2 secondly, simply that it had been tradition for
3 the support organization that had that function
4 within it to sign off on the Comfort Letter.

5 Q In Exhibit 6, Number 3, where it says,
6 "The information and the underlying data have been
7 prepared and reviewed by employees having
8 appropriate experience and qualifications for
9 estimating oil and natural gas reserves," were
10 there any particular individuals that that
11 statement was referring to?

12 A Clearly it would have been the likes of
13 a Remco and Roelof, but it also refers to the
14 Reservoir Engineering community throughout the
15 company.

16 Q And Item 4 where it says, "No matters
17 have come to our attention to the present time,
18 which would materially affect the information in
19 respect of oil and gas reserves included in the
20 supplementary information referred to above," what
21 did you understand "materially affect" to mean?

22 A Well, the information that we had
23 gathered and put together to the best of our
24 accuracy was correct, and that we weren't aware of
25 any matters that would have any sort of
0224

1 LORIN BRASS, November 9th, 2006
2 substantial change to those numbers.

3 Q What would be considered "substantial"?

4 A You know, it's typical to always put
5 some sort of quantification to that. I guess I
6 would always think of it as, you know, what should
7 the market know. If there is something we had to
8 change, is it, is it discloseable, so I would put
9 that kind of materiality in the same kind of
10 category as anything that is material to the
11 market.

12 Q And was any particular person charged
13 with making the decision about what the market
14 might consider to be material?

15 MR. CLARK: Objection to form.

16 THE WITNESS: I don't recall any
17 particular person. If you recall kind of the
18 review path, of course, it goes up through the
19 financial organization, up to the Group
20 Controller, through the CMD, CFO, even on to the
21 Group Audit Committee. So with that review -- I
22 guess I don't know a named person to tell you, but
23 with that review I would consider they would be
24 responsible -- that would be exposed as to
25 materiality somewhere along that line.

0225

1 LORIN BRASS, November 9th, 2006

2 BY MS. MARSHALL:

3 Q And in Item Number 2 it says that "The
4 information has been properly prepared and
5 disclosed in accordance with SFAS 69 and SEC Rules
6 and Regulations, and as clarified by subsequent
7 SEC staff accounting bulletins and interpretive
8 guidance issued by the SEC." Were you relying on
9 any particular individuals to confirm that the
10 information had been properly prepared in
11 accordance with the SEC Rules and Regulations?

12 A Yes.

13 Q And which individuals were those?

14 A Primarily Anton and Remco.

15 Q After you -- strike that. Can you take
16 me through the process in February of 2000 that
17 led to you signing letters to be sent to the
18 External Auditors.

19 A Yes. For the, for the reserves process,
20 again the collection of all the data from the
21 Operating Unit comes in at or near the end of the
22 year, that is pulled together by Remco or the
23 equivalent person in that job. He then makes sure
24 that it's, all the corrections and edits are
25 clarified, and reviews it with the likes of a

0226

1 LORIN BRASS, November 9th, 2006

2 Roelof position, gets that input and discusses it

3 with the position I was in. In that loop the CFO
4 would have gotten involved about at the same time
5 I would. At that point in time our internal
6 review at that level would have been relatively
7 complete.

8 We would have shown it then to the ExCom
9 and gotten any input from them, discussions like
10 had occurred in January 31st and a few weeks after
11 that occur. Phil or someone in his position would
12 be taking their view as to their decisions that
13 need to be made regarding the open issues. Once
14 that is all complete and everyone has reached
15 satisfaction and decisions have been made, then
16 the letter is drafted and signed and sent to the,
17 to the auditors.

18 On the standardized measure side, Remco
19 or people in that equivalent position, working
20 very closely with the financial staff, run through
21 the calculations of the discounted cash flows of
22 all the Operating Units and all the fields in the
23 company, and again go through the process of
24 clarifications, edit, corrections, et cetera.
25 There would have been some finance review of this,
0227

1 LORIN BRASS, November 9th, 2006
2 and then Remco would have reviewed it with me and
3 prepared the letter. As you see here, I'd sign
4 the letter and send it to the auditors.

5 Q If you look at item -- Exhibit Number 6,
6 the letter that went to KPMG, there's an attention
7 and there's a name, Mister -- I don't know how you
8 pronounce it -- Eeftink.

9 A Uh-huh.

10 Q Is it possible that that's one of the
11 individuals that you met with from the External
12 Auditors that you mentioned yesterday?

13 A I, I don't remember the name of the
14 person I met with.

15 Q Okay. That doesn't refresh your
16 recollection?

17 A No.

18 Q Okay. Now, after the letters were sent
19 in 2000, do you recall having any other -- or what

20 was the next thing you did that year with respect
21 to reserves reporting?

22 A Well, assuming there was no further
23 feedback or need for further clarifications with
24 the auditors themselves -- but I should mention
25 there was always a meeting with those auditors,
0228

1 LORIN BRASS, November 9th, 2006
2 and of course, the likes of a Remco and Roelof, to
3 the extent they want to, Anton, and to the extent
4 they want me in the room, fine, so that meeting
5 occurs, and if there's any follow-up questions, et
6 cetera, that occurs.

7 Q That occurs after the letter gets sent?

8 A You know, I actually can't remember if
9 it's done before or after. Just right in the same
10 time frame.

11 Q Do you recall in 2000 whether or not
12 there were any particular issues of follow-up when
13 it came to light with the auditors?

14 A I don't recall any.

15 Q Do you recall having any interaction
16 with Mr. Watts or ExCom regarding any issues that
17 the auditors had brought up?

18 A No, I don't.

19 Q Did you have any communication with
20 Mr. Watts regarding reserve reporting after
21 February of 2000, in that year?

22 A The only thing would have been preparing
23 materials for him for presentation purposes, if
24 and whenever he had discussions with the analysts
25 or the investment community, and we would
0229

1 LORIN BRASS, November 9th, 2006
2 sometimes get involved in preparing his material
3 for Board presentations, so in the process of
4 getting presentation material together, there
5 would have been interaction.

6 Q Did you have the need to make any
7 presentations, any additional presentations to
8 ExCom in 2000 with respect to reserves?

9 A Not that I recall.

10 Q Do you recall Mr. Watts asking you to

11 assist in the presentation -- assist in the
12 compilation of any materials to be presented to
13 CMD regarding reserve reporting in 2000?

14 A Yeah, I just don't recall.

15 Q Do any issues regarding reserve that
16 came up in 2000, after February of 2000, come up
17 in your mind as part of what you were focusing on
18 that year?

19 A Only what I've just said, and, you know,
20 in preparation of materials, which would have
21 included all the various categories, not just
22 reserves, but I don't recall any other meetings
23 targeted towards reserves with Phil or the ExCom.

24 Q Do you recall any meetings targeted
25 towards any of the OUs that came up in the
0230

1 LORIN BRASS, November 9th, 2006
2 preparation for the January 31st, 2000, meeting?
3 I can ask it a different way. You're looking
4 like -- which is understandable.

5 Do you recall whether or not any
6 reserves issues, with respect to Nigeria, for
7 example, came up after February of 2000, in the
8 remainder of that year?

9 A What I know is that Nigeria did get
10 discussed very frequently. I don't recall
11 specific discussions on just the topic of
12 reserves, but typically there would be very
13 frequent updates as to production profiles in
14 Nigeria, all kinds of issues relating to, of
15 course, what's happening in the country, so
16 Nigeria always got a lot of attention. I just
17 don't recall a meeting that was really just
18 targeted towards a discussion of reserves during
19 the course of 2000.

20 Q Okay. Then if you -- do you recall
21 whether or not the Shell Guidelines regarding
22 reserves were ever a point of discussion in 2000?

23 A No, I don't.

24 Q Towards the end of 2000, is that when --
25 is that when, in the normal course of the cycle,
0231

1 LORIN BRASS, November 9th, 2006

2 reserves would come to the forefront as part of
3 your job?

4 A Yes, and that was what I was just trying
5 to think through, do I recall anything near the
6 end of the year, because that's when the process
7 starts all over again. Obviously in the course of
8 the year both Remco and Anton visit many of the
9 OUs. Anton goes on his audits, and he talks and
10 audits each of several OUs per year. All those
11 reports come back to me, so I know those events
12 occur routinely and did occur in the course of
13 2000.

14 Q Were you -- was Anton reporting directly
15 to you during 2000?

16 A You know, as we prepared again for this,
17 I, I have to say I don't know exactly who Anton
18 reported to.

19 Q Did his reports all pass through you?

20 A Yes.

21 Q Or to you?

22 A Yes, as well as, as well as others, but
23 yes, he would send me all his Audit Reports.

24 Q Did he have anybody working with him on
25 those reports?

0232

1 LORIN BRASS, November 9th, 2006

2 A No, not really. He would go to the OU,
3 and, of course, they would give him presentations
4 and show him all their materials, so in that
5 light, the Reservoir Engineering community,
6 wherever he visited, did all the work to prepare
7 for the audit as he was coming. If he then had
8 any questions to feed back to Remco, the likes of
9 a Remco or Roelof, he would do that, but as he
10 prepared his document, he did that pretty much on
11 his own.

12 Q Did he have anybody with him visiting
13 these OUs, if you know?

14 A I don't.

15 Q Did you have any role in determining
16 which OUs he was going to visit and when?

17 A No. He would put together an Audit Plan
18 that would span several years, but I let that be

19 the responsibility of the likes of Remco and
20 Roelof for the most part.

21 Q Did anybody have to approve the Audit
22 Plan?

23 A Yes. Again someone like a Roelof would
24 have approved that plan. I guess the only thing
25 I'd add is on some occasions he would make
0233

1 LORIN BRASS, November 9th, 2006
2 specific requests for audits in the following year
3 as a result of his current, and of course, we
4 would try to make those happen.

5 Q And what was your role in making those
6 happen, trying to make those happen?

7 A Perhaps only to --

8 THE REPORTER: What was the answer?

9 THE WITNESS: I hadn't finished my
10 answer.

11 MR. CLARK: "Perhaps only to."

12 THE WITNESS: Perhaps only to remind
13 Roelof or Remco to help if there is anything we
14 need to do to try to make sure that happens.

15 BY MS. MARSHALL:

16 Q Did you see the reports from the OUs
17 regarding reserves?

18 MR. CLARK: Objection to form.

19 THE WITNESS: Which reports?

20 BY MS. MARSHALL:

21 Q Well, did you ever see reports from --
22 directly coming from the OUs themselves?

23 MR. CLARK: Objection to form.

24 BY MS. MARSHALL:

25 Q Of any kind.
0234

1 LORIN BRASS, November 9th, 2006

2 A If you mean the, for instance, as part
3 of the annual cycle when the OUs submit their
4 reports to the likes of a Remco, yeah, I'd flip
5 through one or two, but I left it to him. You
6 know, the mountain of those reports was very high,
7 and although I saw them, basically I left those to
8 Remco to review.

9 Q Would anybody be reviewing them with him

10 if you know?

11 A If he needed help, and because of the
12 work load, then, of course, he could ask for that
13 help, and of course, he did a lot of, a lot of
14 discussions back to his focal points in each of
15 the OUs. So when the reports first started coming
16 in, he would be on the phone constantly, because,
17 of course, to really clarify questions on an OU,
18 the only people that can really help with that are
19 the people in the Operating Unit.

20 Q And once he -- after receiving these
21 reports, then he compiled his own report?

22 A He compiled the summation of the total,
23 the total picture.

24 Q And that report would be submitted to
25 you?

0235

1 LORIN BRASS, November 9th, 2006

2 A Well, you say "that report." Remco and
3 Roelof would bring me highlights and issues. His
4 total summary eventually, of course, gets digested
5 down into what goes into the Annual Reports and
6 the 20F, and the actual internal document on the
7 Reserve Report was not something that I, that I
8 recall getting or receiving in wide distribution.
9 It was a massive display of numbers from all the,
10 from all the, from all the world, so what we
11 reviewed was really a summary of that, along with
12 any issues.

13 Q When you say "Remco and Roelof would
14 bring me highlights and issues," when would this
15 typically occur? What time of year?

16 A In January.

17 Q Did this happen in January of 2000?

18 A To the best of my recollection.

19 Q And do you recall what the highlights
20 and issues that they brought to your attention in
21 January of 2000 were?

22 A It's really the same ones that we've
23 been talking about that appeared in the document
24 to ExCom and the presentation to ExCom.

25 Q Do you recall if they brought you

0236

1 LORIN BRASS, November 9th, 2006

2 highlights and issues in January of 2001?

3 A Again I, I don't recall the specific
4 meeting, although -- it's just hard to remember.

5 MS. MARSHALL: Okay. I'm going to show
6 you a document which we'll mark as Exhibit Number
7 7, which bears Bates Number RJW00151343.

8 (Discussion was held off the record.)

9 THE VIDEOGRAPHER: We are going off the
10 record. The time is 10:33 a.m.

11 (Whereupon, a short recess was taken.)

12 THE VIDEOGRAPHER: We are back on the
13 record. The time is 10:55 a.m.

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

17 BY MS. MARSHALL:

18 Q Mr. Brass, have you had an opportunity
19 to look at a document I just handed you, which is
20 Exhibit Number 7?

21 A Yes.

22 Q What do you recognize this to be?

23 A This is Anton's Annual Review which
24 would have covered the year 2000.

25 Q And do you recall receiving this report

0237

1 LORIN BRASS, November 9th, 2006
2 in January of -- well, strike that. Do you recall
3 receiving this report?

4 A Yes.

5 Q Do you recall whether you saw it for the
6 first time in January, or did you see it earlier?

7 A I don't recall seeing an earlier
8 version.

9 Q Do you recall having any discussions
10 with him at the end of 2000 regarding any of the
11 issues raised in this report?

12 A I don't recall.

13 Q Do you recall ever having any
14 conversations with Remco Aalbers about any of the
15 issues raised in this report?

16 A What I recall is the events leading up
17 to the booking of Angola Block 18.

18 Q What do you remember about those events?

19 A Well, Block 18 was an offshore deepwater
20 prospect offshore Angola, and the question was:
21 Do we have proved reserves to book in this year or
22 do we not?

23 Q When was the first time you remember
24 that question being posed?

25 A Oh, it would have been somewhere in the
0238

1 LORIN BRASS, November 9th, 2006
2 last half of 2000.

3 Q Do you recall the context in which you
4 first heard the issue of potential bookings for
5 Angola Block 18 for 2000 discussed?

6 A The context?

7 Q Was it in a meeting?

8 A Oh. I don't recall.

9 Q Do you recall who brought it to your
10 attention?

11 A No.

12 Q Well, what do you recall?

13 A That there was work commissioned to take
14 a look at a variety of potential Development Plans
15 that would lead to a commercial development for
16 Block 18. I recall that work was done and
17 reviewed and presented and discussed. I recall a
18 wide variety of opinions being raised as to
19 whether or not that substantiates the booking in
20 Block 18. I recall sitting in those meetings and,
21 you know, listening to the debate, participating,
22 et cetera.

23 Q Did any of those debates occur at ExCom
24 meetings?

25 A Well, the ones I'm remembering weren't
0239

1 LORIN BRASS, November 9th, 2006
2 ExCom meetings actually.

3 Q Who he was present in the meetings
4 you're remembering?

5 A Heinz Rothermund and -- I can't think of
6 his name, but he was Regional Business Advisor for
7 Nigeria. Yeah, I can't remember if both Remco and
8 Roelof were in the room or just one or the other.

9 One of them was certainly there.

10 Q Is Martijn Minderhoud who you were
11 thinking of?

12 A Yeah, that's who I was thinking of.

13 Q So Heinz Rothermund, Martijn Minderhoud
14 and Remco and Roelof, one of them was present in
15 these meetings?

16 A (Nods.)

17 Q You've got to say yes or no.

18 A Yes. Sorry.

19 Q That's okay. And who called these
20 meetings?

21 A Oh, I don't recall.

22 Q Was Phil Watts ever present in any of
23 these meetings?

24 A Not the ones I'm remembering.

25 Q How many meetings do you recall?

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1 LORIN BRASS, November 9th, 2006

2 A Well, definitely more than one and less
3 than five.

4 Q And would these meetings all have
5 occurred in 2000?

6 A The ones I'm remembering, yes.

7 Q Do you recall whether or not any
8 representatives from SDS were present at these
9 meetings?

10 A I don't recall, but they had done the
11 technical work.

12 Q Had you ever had any conversations with
13 Mr. Bichsel about Angola?

14 A Not that I recall.

15 Q Do you recall what view Mr. Rothermund
16 was expressing with respect to the booking of
17 Angola during these meetings?

18 A I don't know where he landed. I know he
19 was asking lots of challenging questions, but I
20 can't recall, at the end of all that, which side
21 he landed on.

22 Q Who was he asking challenging questions
23 to?

24 A To the representative from SDS, to
25 Martijn, not so much from me and my staff, but

0241

1 LORIN BRASS, November 9th, 2006
2 just trying to clarify and understand the
3 information that was being prepared and discussed
4 relative to the Development Plans and the
5 potential for them to lead to bookings of proved
6 reserves.

7 Q Were you involved in 2000 in a
8 decision-making process regarding investments,
9 strategic investments in Angola?

10 A I would always get a copy of the FID for
11 any input, but I was not in the decision loop for
12 the investments in Angola.

13 Q Why is that?

14 A Because that was well beyond my level of
15 authority, first of all, and second of all, that
16 was Heinz Rothermund's Business, so he would have
17 taken the FID and brought it to, to the ExCom, and
18 Phil would have made a decision. I can't recall
19 eventually when -- how much it was, but I'm
20 assuming it was large enough it would have had to
21 go probably all the way to the Board.

22 Q Do you recall learning that Phil Watts
23 wanted to increase Shell's position in Angola in
24 2000?

25 A What I recall is that there were

0242

1 LORIN BRASS, November 9th, 2006
2 additional blocks on bid in this time frame, and I
3 don't remember the year.

4 Q Block 34?

5 A Yeah, exactly, and that was a prize
6 block, and he was very favorable towards trying to
7 win that block.

8 Q Phil Watts was?

9 A Yes.

10 Q Do you know why?

11 A The data is supported that it had great
12 potential for hydrocarbons, and in general we
13 believed we had expertise in deepwater and we had
14 other blocks there; however, the materiality of
15 the amount we had there with just what we had
16 would not be the best position. It would be

17 better if we had a bigger position in order to
18 spread expenses and costs and have a larger
19 production from that area.

20 Q Do you recall ever learning that Phil
21 Watts wanted there to be a booking for Angola
22 Block 18 in 2000?

23 MR. CLARK: Objection to form.

24 THE WITNESS: No, I don't recall.

25

0243

1 LORIN BRASS, November 9th, 2006

2 BY MS. MARSHALL:

3 Q Do you recall his, Phil Watts's views
4 ever coming up in these meetings with Rothermund
5 and Minderhoud?

6 A No, as I said, the ones I'm remembering,
7 he wasn't in those meetings.

8 Q Do you recall his views ever being
9 discussed in those meetings?

10 A No, I don't recall.

11 Q Do you recall what Mr. Minderhoud's
12 views were?

13 A No, I don't recall.

14 Q Earlier you testified that there was a
15 wide variety of opinions expressed. Can you tell
16 me what the variety of opinions were.

17 A Well, in general it was those that were
18 supportive, believed it could be appropriate, and
19 those that believed that it was perhaps not, and
20 those that were a little bit on the fence, so it
21 was --

22 Q Where would you place yourself?

23 A Well, I was one that was probably more
24 on the fence, because the data did -- the proposed
25 data did represent a commercial development.

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1 LORIN BRASS, November 9th, 2006

2 Eventually the doability of that commercial
3 development was where I was questioning, saying,
4 at the end of the day would we ever do that. Yes,
5 its a high-graded project. Yes, it's designed and
6 can deliver enough reserves, although barely, but
7 can deliver enough reserves to make it a

8 commercial development.

9 At the end of the day, though, is that
10 the development that we would ever do was what my
11 question was, and that's hard to resolve, because
12 you just don't know. You don't know what the
13 future brings. You don't know what other things
14 come to bear eventually. And upon further study,
15 we generally always change the Development Plan
16 until we're ready for that final Development Plan
17 concept to be finalized.

18 So I, at the end of the day, after
19 discussing it again with others, also I guess put
20 a lot of stake in what Anton was seeing, and he's
21 clearly the expert or one of my experts that I
22 always looked to, and, of course, he's just barely
23 over the margin in order to say that yes, it's
24 bookable.

25 Q Did anybody -- who was espousing the
0245

1 LORIN BRASS, November 9th, 2006
2 view that it was not appropriate?

3 A I just don't remember.

4 Q But that view was espoused?

5 A Yes. I suppose my clarification was,
6 when you said "bookable" -- others in the room,
7 including myself, were not all experts on SEC
8 Rules, and so the views were a little bit more
9 towards -- my question is: Should this be a
10 Development Plan that we could support? It wasn't
11 always around the question of, you know, what is a
12 bookable reserve for SEC, although that discussion
13 was happening as well.

14 Q Did you understand there to be any
15 correlation between the SEC Rules and whether or
16 not this was a Development Plan that you could
17 support?

18 A I understood that if we had a
19 Development Plan, a doable, viable Development
20 Plan that was commercial and could develop the
21 reserves, those reserves could be booked.

22 Q Did you understand there to be a
23 requirement in SEC Rules of an intention to
24 actually go ahead with a Development Plan?

25 A In 2000, no.

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1 LORIN BRASS, November 9th, 2006

2 Q Did you ever come to understand there to
3 be a requirement in the SEC Rules of an intention
4 to actually go ahead with a Development Plan?

5 A Yes.

6 Q And when did you learn that to be the
7 case?

8 A That would have been probably in either
9 later 2001, 2002, but probably in 2001.

10 Q Do you recall the context in which you
11 learned that?

12 A Through the process of the guidance
13 coming out of the SEC and also from Anton's
14 reports, especially the following year -- and I
15 can't remember again if it's 2001 or 2002 -- where
16 he very specifically makes comments relative to
17 the move from just not commerciality but an
18 economics that would support moving forward with
19 the project.

20 Q So had you known that to be the case in
21 2000, would you have supported the booking of
22 Angola in 2000?

23 MR. CLARK: Objection. Is that a
24 hypothetical question?

25 MS. MARSHALL: The question is what it

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1 LORIN BRASS, November 9th, 2006

2 is. I don't think I need to characterize it.

3 MR. CLARK: His testimony is that --

4 MS. MARSHALL: I know what his testimony
5 is. Are you directing him not to answer the
6 question?

7 MR. CLARK: No, I'm asking you whether
8 you want to clarify an unclear question.

9 MS. MARSHALL: I'll see if he
10 understands it.

11 MR. CLARK: Okay.

12 BY MS. MARSHALL:

13 Q You just went through -- we were just
14 talking about what you understood the SEC
15 requirements to be in 2000 and then what you

16 understood them to be in 2001 and there being a
17 change in your understanding; is that correct?

18 A Yeah, and I was not sure if it was 2001
19 or 2002, but yes, there was a change in my
20 understanding.

21 Q Okay. If your understanding in 2000 had
22 been the same as it was when you had this change
23 of understanding, whether it was 2001 or 2002,
24 would you have supported the booking of Angola in
25 2000?

0248

1 LORIN BRASS, November 9th, 2006

2 MR. CLARK: Objection.

3 THE WITNESS: I'm not sure what I'm
4 supposed to do here.

5 BY MS. MARSHALL:

6 Q You're supposed to answer the question.

7 MR. CLARK: If you understand the
8 question.

9 THE WITNESS: It's a what-if question.
10 It's trying to put me back there with different
11 knowledge that I had, and that's very difficult to
12 do.

13 BY MS. MARSHALL:

14 Q Why?

15 A Well --

16 Q I don't understand. Why?

17 MR. MORSE: Are you asking him --

18 BY MS. MARSHALL:

19 Q Why is it difficult, yeah.

20 A Let me think about the question --

21 Q Okay.

22 A -- and see if I can put myself in that
23 frame.

24 Q Great.

25 A I guess I would again rely on the

0249

1 LORIN BRASS, November 9th, 2006

2 experts then as I would in that scenario as I had
3 in others, and I probably would have, you know,
4 discussed that situation. If someone like Anton
5 was very clear that that now is the case, that the
6 SEC had not allowed for just commerciality but

7 economics, then I would not have supported that
8 decision.

9 Q Okay. When you first learned about the
10 question about whether to book reserves for Angola
11 Block 18 in 2000, do you recall learning that an
12 initial -- that there had been an initial
13 expectation from Management of approximately
14 300 million barrels?

15 MR. CLARK: Objection to form.

16 THE WITNESS: I don't recall that.

17 BY MS. MARSHALL:

18 Q Do you ever recall learning that there
19 had been an expectation of a certain amount as to
20 what the number that could be booked was going to
21 be?

22 MR. CLARK: Objection to form.

23 You can answer it if you understand the
24 question.

25 THE WITNESS: So the question is: Did I

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1 LORIN BRASS, November 9th, 2006
2 ever understand that there was an expectation of a
3 certain number?

4 BY MS. MARSHALL:

5 Q Yes.

6 A Regardless of what the final number was?

7 Q Yes.

8 A No, I don't recall.

9 Q Okay. If you'd turn to Exhibit Number
10 7.

11 A Seven?

12 Q It's the --

13 A Main observations?

14 Q No, no, just the exhibit itself.

15 A Oh, Exhibit 7. Sorry. Yes.

16 Q Sorry about that. If you look towards
17 the, uh, about three quarters of the way down the
18 page, there's a paragraph that reads, "Group
19 Proved Reserves receive increasingly close
20 attention by Group Management." Do you see that
21 paragraph?

22 A Yes.

23 Q What do you understand "Group

24 Management" to mean?

25 A Well, I suppose I can't speak for Anton.

0251

1 LORIN BRASS, November 9th, 2006

2 My understanding, knowing -- you know, knowing at
3 the time and now what I know, I would have put it
4 more on the E&P leadership or the E&P ExCom.

5 Q Are E&P leadership and E&P ExCom the
6 same?

7 A Yeah.

8 Q In January of 2001 did you agree with
9 the statement that Group Proved Reserves received
10 increasingly close attention by Group Management?

11 A Yes.

12 Q And how is that the case?

13 A I guess my example would be the things
14 we talked about yesterday, having come off of 1999
15 with a 2000 review that we discussed then and, of
16 course, the very low number we had at that time,
17 along with projections from the Business Plan that
18 didn't necessarily show a tremendous turn-around
19 in that number. So that is where my example would
20 be of saying that the reserve issue now is a
21 little bit higher on everybody's attention list,
22 priority list than it was before.

23 Q The next statement, "Target reserves
24 additions are set annually, both to OUs and to
25 SIEP Divisions, and progress is monitored

0252

1 LORIN BRASS, November 9th, 2006

2 throughout the year." When were the target
3 reserves additions set annually if you know?

4 A The fall of the previous year, actually
5 probably more toward the end of year, so probably
6 more toward October/November.

7 Q And how was progress monitored
8 throughout the year if you know?

9 A For almost all the fundamental
10 parameters of the business, again things like
11 production and costs and Capex, et cetera, were
12 monitored monthly. For reserves it's much more
13 difficult to do, because reserves are not
14 necessarily a monthly event, so reserves were, for

15 sure, looked at annually, and if we had estimates
16 of those reserves mid-year or towards the end of
17 year where they become a little more meaningful,
18 then we would look at those.

19 Q Next statement: "With future Proved
20 Reserves additions becoming much more challenging,
21 the resulting pressure on the staff raises
22 possible concerns with respect to the quality of
23 future reserves booking." What did you -- did you
24 agree with this statement -- strike that. Do you
25 agree that future proved reserves additions were

0253

1 LORIN BRASS, November 9th, 2006
2 becoming much more challenging?

3 A Yes.

4 Q And why was that the case?

5 A The portfolio at that time was shifting
6 much more towards very, very large, very
7 significant and very, very large projects, like
8 Kashagan and Sakhalin and those which take a very
9 long time to develop, and booking of those
10 reserves would be spread over a long period of
11 time in the future. So a lot of our capital was
12 being invested differently than it had in the
13 past, where it had been much more short-term to
14 allow there to be more frequent and more additions
15 to proved, and so when we looked ahead in the
16 Business Plan, as we have talked about, the
17 estimates of how many proved reserves we could
18 book on an annual basis appeared to be lower than
19 in the past.

20 Q The next statement, "the resulting
21 pressure on staff raises possible concerns with
22 respect to the quality of future reserves
23 booking," what did you understand that statement
24 to mean?

25 A My understanding would be that Anton

0254

1 LORIN BRASS, November 9th, 2006
2 believed that the lower estimated Proved would be
3 lower than what everyone, especially in Management
4 and even anyone who looks at an oil company would
5 want to see, and hence there would be even more

6 attention to try to find ways to get proved
7 reserves into the portfolio. His concern was
8 that, that extra attention, as he calls here -- he
9 uses the word "pressure" I guess -- to him, I
10 would interpret, means that people might be forced
11 towards higher stress levels, burn-out, might make
12 mistakes, might feel pushed into doing things that
13 they otherwise wouldn't have done. I don't know.

14 This was a -- this was really an Anton
15 concern, and it got discussed very regularly at
16 ExCom or at least annually when you brought this
17 up, and we really tried to understand from a
18 different angle is that true, and so the ExCom
19 members and their RBAs and the people running the
20 OUs, I mean we talked to all these people and said
21 do you see your staff differently, are they under
22 this pressure, do you think we should do things
23 differently, and we never -- we never could get
24 the same level of emphasis on this topic that
25 Anton seemed to bring forward, but we didn't
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1 LORIN BRASS, November 9th, 2006
2 disregard it. I mean we appreciated that he
3 really had a sincere concern.

4 We debated whether or not reserves
5 should stay on the scorecard because of this, and
6 we'd come back to saying reserves is such an
7 important part of running an E&P business; what
8 signal do we send to our organization if we
9 actually don't monitor it as per a scorecard
10 measure? And so there was quite a support
11 generally, although a lot of debate, but there was
12 general support to leave it on the, on the
13 scorecard.

14 Q Well, is it correct that he was
15 specifically concerned about the quality of future
16 reserves bookings --

17 MR. CLARK: Objection.

18 BY MS. MARSHALL:

19 Q -- as a result of the pressure?

20 MR. CLARK: Objection to form.

21 THE WITNESS: Well, I'm simply reading
22 what he has here, and he says "with respect to the

23 quality of future bookings," but your question

24 then is --

25

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1 LORIN BRASS, November 9th, 2006

2 BY MS. MARSHALL:

3 Q I think in your answer you talked about
4 the stress level and other things. I mean did he
5 mention those things or did he really talk about
6 the quality of the future reserves bookings --

7 MR. CLARK: Objection.

8 BY MS. MARSHALL:

9 Q -- as being his concern?

10 MR. CLARK: This is argumentative.

11 MS. MARSHALL: You can make your
12 objection. I have asked the question.

13 MR. CLARK: It's made.

14 THE WITNESS: Well, I answered in my
15 interpretation, and my interpretation is the same,
16 that that's how I, that's how I -- my
17 interpretation of his concern.

18 BY MS. MARSHALL:

19 Q Can you turn to Page 151346, which is --
20 it looks like Page -- it says "Page 2" at the
21 bottom of the first attachment.

22 A Okay.

23 Q Number 7. Here it says targets are also
24 set -- well, "Target reserves additions are set
25 annually, both to OUs and to SIEP Directorates,

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1 LORIN BRASS, November 9th, 2006

2 and progress is monitored throughout the year.

3 Targets are also set in scorecards for those on
4 variable pay." What does that mean, targets are
5 -- "those on variable pay." What does "variable
6 pay" mean?

7 A Can I just make sure I find your
8 sentences? Oh, it's way at the bottom. Sorry. I
9 was looking in the wrong place.

10 Variable pay is actually the same thing
11 we talked about yesterday. It's the portion above
12 the base pay that is awarded on the basis of both
13 business performance and individual performance.

14 Q The next statement: "Whilst these
15 measures are effective in ensuring proper
16 attention to Proved Reserves booking, the
17 resulting pressure on staff does raise concerns
18 with respect to the quality of future reserves
19 bookings." Did you understand him to be making a
20 connection between the quality of future reserves
21 booking being compromised as a result of pressure
22 being placed by Group Management?

23 MR. CLARK: Are you done?

24 MS. MARSHALL: Yeah.

25 MR. CLARK: Objection to form.

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1 LORIN BRASS, November 9th, 2006

2 MR. MORSE: Same objection.

3 THE WITNESS: After all that, could you
4 repeat the question.

5 BY MS. MARSHALL:

6 Q Sure. They're going to object again.
7 Did you understand him to be making a connection
8 between the quality of future reserves booking
9 being compromised as a result of pressure being
10 placed by Group Management?

11 MR. CLARK: Objection to form.
12 Vagueness.

13 MR. MORSE: Same objection.

14 THE WITNESS: I guess I can answer it
15 only in my interpretation of what he's trying to
16 say.

17 BY MS. MARSHALL:

18 Q Yeah, your understanding of what he was
19 saying.

20 A Yes, that the quality -- he says it
21 raises concerns, so my interpretation is that he
22 personally has a concern about the quality of
23 future reserves booking as a result of the
24 increased, as he calls it, "pressure,"
25 "attention," whatever, on reserves. That's my

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1 LORIN BRASS, November 9th, 2006
2 understanding of his concern.

3 Q I'm curious. Do you think -- do you
4 think "pressure" means the same thing as

5 "attention"?

6 MR. CLARK: Objection; asked and
7 answered.

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

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

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

24 BY MS. MARSHALL:

25 Q Is your understanding of the word
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1 LORIN BRASS, November 9th, 2006
2 "pressure" inconsistent with definition Number 3
3 in this document?

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

7 MS. MARSHALL: You can object to form.

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

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

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

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

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

23 MS. MARSHALL: Well, then you can object
24 and that's it.

25 MR. CLARK: Okay. My objection is
0261

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2 noted.

3 MR. MORSE: Same objection.

4 BY MS. MARSHALL:

5 Q The question is: Is your understanding
6 of the word "pressure" inconsistent with the
7 Definition Number 3 in this document?

8 A And just to be clear, that's the one
9 that reads "force that pushes and urges"?

10 Q Yes.

11 A I don't find it to be inconsistent.

12 Q Do you find your -- is your definition
13 of "pressure" or your understanding of the
14 definition of "pressure" inconsistent with the
15 Definition Number 2 on this document?

16 MR. CLARK: Same objections.

17 THE WITNESS: Yes.

18 BY MS. MARSHALL:

19 Q It is inconsistent?

20 A Yes.

21 Q How?

22 MR. CLARK: Same objections.

23 THE WITNESS: As I said, my, my
24 definition or what I was saying doesn't go nearly
25 to that level as to the impact on people.

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1 LORIN BRASS, November 9th, 2006

2 BY MS. MARSHALL:

3 Q But it does go to the level of
4 Definition Number 3?

5 MR. CLARK: Objection; misstates prior
6 testimony.

7 THE WITNESS: You know, mine is, I
8 suppose -- these are all words that are difficult
9 to -- my interpretation would not have put it in a
10 "powerful" way. My definition would put it as a
11 focus, a priority, and therefore for people it
12 would demand more of their time and resources, et

13 cetera, but things like "powerful" and "stressful"

14 and those kinds are not my interpretation.

15 BY MS. MARSHALL:

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

20 MR. CLARK: Objection. I'd like a
21 break.

22 MS. MARSHALL: For what?

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

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

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1 LORIN BRASS, November 9th, 2006
2 record, and you want to take a break to consult
3 with the witness?

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

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

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

15 So, Mr. Brass, if you think you can
16 answer that question, please do.

17 MS. MARSHALL: That's not my question.

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

19 THE WITNESS: Could you repeat the
20 question.

21 BY MS. MARSHALL:

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

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1 LORIN BRASS, November 9th, 2006
2 definition. Is that okay with you?

3 MR. MORSE: Objection to form.

4 MR. CLARK: Same objection.

5 THE WITNESS: I guess if I say yes, I

6 think I know it's going to be the definition as

7 you ask questions. If I say no, then what?

8 BY MS. MARSHALL:

9 Q I'm just -- can you --

10 A I don't like that definition.

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

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

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

22 MS. WICKHEM: Object to form and
23 foundation.

24 MR. CLARK: Same objection.

25 MR. MORSE: Argumentative.

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2 BY MS. MARSHALL:

3 Q Can you do that?

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

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

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

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

21 MR. CLARK: You asked what his
22 understanding is, and he tells what you his
23 understanding is, and that's why he has
24 difficulty, because he said his understanding,
25 he's been asked repeatedly, and it's given. So if
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1 LORIN BRASS, November 9th, 2006
2 you want him to have a different understanding of
3 a word than what he said his understanding is,
4 that is a very hard thing for a witness to do,
5 which he has expressed, absent a break.

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

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

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

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

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2 MR. HABER: I don't think that's what
3 we're getting.

4 BY MS. MARSHALL:

5 Q What did you understand in this same
6 paragraph, Number 7, where it says --

7 MR. CLARK: Is the last question
8 withdrawn, or did you get a sufficient answer?

9 MS. MARSHALL: I think it's fair that I
10 can say that I didn't get an answer. I'm going to
11 try to get around it another way.

12 MR. CLARK: What about our request for a

13 break?

14 MS. MARSHALL: I have another question.

15 MR. CLARK: Okay. So you're denying our
16 request for a break until your next question is
17 posed?

18 MS. MARSHALL: Do you need a break?

19 THE WITNESS: Yes.

20 THE VIDEOGRAPHER: This marks the end of
21 Tape 1 in the deposition of Mr. Brass. We are
22 going off the record. The time is 11:39 a.m.

23 (Whereupon, a short recess was taken.)

24 THE VIDEOGRAPHER: This marks the
25 beginning of Tape 2, Volume II, in the deposition

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

4 BY MS. MARSHALL:

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

10 MR. CLARK: Exhibit 7?

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

12 THE WITNESS: Yes.

13 BY MS. MARSHALL:

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

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

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2 recall anyone else speaking so vocal or so outward

3 towards reserves.

4 Q Who set the reserves target?

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

13 Q How did the numbers get into the
14 Business Plan?

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

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

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

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

18 A I can't recall the specific discussions.
19 I would say generally again all these major

20 parameters were discussed at ExCom.

21 Q And would the final targets ever be
22 different than the targets put forth by the OUs
23 themselves?

24 A Yes.

25 Q And who had the -- how -- what was the
0271

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2 process by which the numbers would change?

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

11 Q So for example, Nigeria would have gone
12 through Heinz Rothermund?

13 A Right.

14 Q Okay.

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

4 Q And would that process work any
5 differently with respect to the Reserves
6 Replacement Ratio?

7 A The reserves and reserve replacement
8 tends to be more of an output than an input. It's
9 a result of what you invest in, how many wells you
10 drill, et cetera, and then it's sort of an answer,

11 so you can't really say to them, you know, please
12 give me more reserves. What you need to say to
13 them is can you change your Development Plans or
14 your programs, are we willing to invest capital.

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

22 Q And how -- what would go into
23 determining the Value Investment Ratio?

24 A The, uh, the net present value,
25 discounted net present value over discounted

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2 investment.

3 Q And how was that figure arrived at?

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

16 Q Would the Reserves Replacement Ratio
17 target ever change independently of any of the
18 other figures in the proposed Business Plans?

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

25 Q Was there a target for Regions with

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2 respect to Reserves Replacement Ratio; for
3 example, EPG?

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

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

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

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

17 A First of all, of course, the Replacement
18 Ratio target was again developed from the Business
19 Plan. It had a multi-year -- you could see that
20 replacement over multi-year. The word "target"
21 was only used for the next year in that business
22 planning process. Clearly, any oil and gas
23 company, ourselves included, would want to replace
24 at least a hundred percent of your reserves over
25 the long haul. It doesn't have to be in a year or
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2 two or sometimes even five, but over the longer
3 period of time you want to keep replenishing if
4 you're going to keep the company going. However,
5 some companies choose to deplete the reserves and
6 get purchased or something, and yet on the other
7 hand, if you want to grow production, you actually
8 need Reserve Replacement Ratios in excess of a
9 hundred percent, but clearly a hundred percent
10 overall -- if you were to ask me any point in the
11 oil and gas business, I would say a hundred
12 percent is always the company goal over the long
13 term.

14 Q In 2000 and 2001 was the company looking
15 to increase their reserves portfolio or the
16 reserve ratio?

17 A In 2000 and 2001?

18 Q Yes.

19 A If I'm recalling correctly, the number
20 from the Plan in 2000 I think was about
21 80 percent. I don't recall what it was in the
22 next year or the next year, and clearly we just
23 knew that the year before was something around
24 50 percent. If you take my previous answer, you
25 know, those two numbers, you would say, well, that
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2 might be acceptable in the short term, but at some
3 point I need numbers bigger than that to come back
4 to my hundred percent level overall. So, you
5 know, my general answer is yes, that over a period
6 of time that Reserves Replacement Ratio would be
7 desirable to come back up.

8 Q Did the OUs ever receive direction from
9 EP leadership to try to reach a certain ratio for
10 reserve replacement?

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

15 Q What would be the first unit to have a
16 measure like that be meaningful?

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

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

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

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

14 MR. CLARK: Objection to form.

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

20 BY MS. MARSHALL:

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

25 A Well, no, in theory, but this is

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

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

19 MR. CLARK: Objection to form.

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

23 BY MS. MARSHALL:

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

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2 any of the items discussed in Anton Barendregt's
3 report?

4 MR. CLARK: Objection.

5 THE WITNESS: I don't recall that
6 meeting. You know, we certainly talked about the
7 one the year before. Lots of memories about that
8 meeting. I just don't recall this meeting.
9 Clearly there weren't as many issues this year,
10 according to 2000, as there were in 1999, but at
11 the end of the day I just cannot recall the 2001
12 meeting.

13 BY MS. MARSHALL:

14 Q I don't understand what you mean,
15 "clearly there weren't as many issues this year,
16 according to 2000, as there were in 1999."

17 A Well, the big ones there were again how
18 to handle bookings in some big chunks. Iran. We
19 talked about Athabasca. There was also the
20 suggestions to cap the proved reserves in Nigeria,
21 Abu Dhabi, those kind of things. Those having
22 been done, basically, especially for Nigeria, was
23 continued forward in this year, no new decision
24 was made. The continued caps remained. So they
25 didn't become as much of a debate as they were the

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

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

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

13 Q Thanks.

14 If you look to the top of the page, the
15 first -- under Item Number 1, "Significant
16 reserves changes during 2000 were as follows," the
17 second sentence of that first paragraph says,

18 "This year, PDO (Oman), SOGU (Denmark) and SDA
19 (Australia) were able to add in total some 50 mln
20 m3oe to Proved Reserves." Do you recall additions
21 to Proved Reserves from PDO Oman in 2000?

22 A No.

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

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2 MR. MORSE: Objection to form.

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

7 BY MS. MARSHALL:

8 Q Do you recall whether the license
9 extension with respect to Oman was discussed in
10 January of 2001?

11 A I don't recall.

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

15 MR. MORSE: Objection to form.

16 THE WITNESS: I don't recall.

17 BY MS. MARSHALL:

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

22 A Okay.

23 Q Do you recall the subject matter that's
24 being discussed in this paragraph?

25 A Yes.

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2 Q What do you recall about that?

3 A It's really the topic, you know, that
4 we've talked about, that you need to be able to
5 produce the proved volumes within the licenses,
6 within the existing licenses, and therefore you
7 would, you would need to, in some of these areas,
8 increase production so that you use it up faster

9 or else extend the license.

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

13 A I don't recall.

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

18 A I can't remember exactly when we started
19 certain actions, but as a result of the prior year
20 already, work had begun in some of these OUs and
21 also in various functions in the Center to
22 understand what are the, what are the
23 possibilities both on the production side and also
24 on the license extension side. And activities
25 were kicked off that I recall very clearly for
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2 Nigeria and for Oman. I just don't remember
3 specific dates necessarily, especially on the
4 license extension work. There was a whole team
5 put together for Oman, for instance, that began to
6 very, very deliberately work through all the
7 issues of what it takes to extend that license in
8 Oman, and that was kicked off and worked on. The
9 team finally made their proposal of how they'd do
10 that. They negotiated for many, many months, and
11 finally a license extension was signed.

12 Q When was that?

13 A It was either 2004 or 2005.

14 Q Do you know who headed that team?

15 A I can see the face again.

16 Q Was it somebody from the OU?

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

22 Q Was Stuart Clayton involved?

23 A No, it wasn't Stuart.

24 Q Was this group formed at the direction
25 of anybody?

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

9 Q What involvement did you have with that
10 team?

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

19 Q Do you recall whether Phil Watts was in,
20 involved in any of the conversations regarding the
21 license extension with Oman?

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

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

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

12 A I don't recall.

13 Q Do you recall that issue ever being
14 discussed?

15 A The issue that became the -- again the
16 reserves were a result of the production and the

17 investment. The big issue was that production had
18 begun to plateau, and the Omani Government and oil
19 company was extremely concerned, and so there was
20 a lot of analysis done to see why that production
21 was beginning to curtail, what might be the
22 future, will it turn back around and will it
23 continue to decline or continue to stay plateau,
24 so that production one was sort of the front end
25 of every discussion about Oman. Clearly, the
0286

1 LORIN BRASS, November 9th, 2006
2 license extension and the reserves were important,
3 very important, and they would be a result of this
4 plateauing production, and even more so if
5 production -- as it did -- started to decline, but
6 the conversations usually were first and foremost
7 about production and kind of then about the impact
8 on reserves.

9 Q And what do you recall about the
10 conversations about the impact on reserves?

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

15 Q Do you recall whether or not Phil Watts
16 ever expressed concern regarding that?

17 A No, I don't recall.

18 Q Do you recall whether or not Walter van
19 der Vijver ever expressed concern regarding that
20 possibility?

21 A No, I don't recall.

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

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

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

8 A I don't recall.

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

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

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

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

25 Q When in 2001 did that --

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1 LORIN BRASS, November 9th, 2006

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

10 Q Who had -- how long had five percent
11 been the number?

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

14 Q Do you know who had put forth that
15 number?

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

20 Q But so long as that was -- he was
21 running E&P --

22 A Right.

23 Q -- he would have had that
24 responsibility?

25 A Right.

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1 LORIN BRASS, November 9th, 2006

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

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

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

23 MR. CLARK: Objection to form.

24 THE WITNESS: Yes.

25

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1 LORIN BRASS, November 9th, 2006

2 BY MS. MARSHALL:

3 Q And how did his focus manifest itself?

4 MR. CLARK: Objection to form.

5 BY MS. MARSHALL:

6 Q What form did his focus take is probably
7 better.

8 MR. CLARK: Same objection.

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

11 BY MS. MARSHALL:

12 Q Yeah, that's a better question. Thank
13 you.

14 A Then I'd say he again asked for all the
15 data, all the very detailed information, literally

16 in some cases field by field, to really, really
17 understand where we are and perhaps where we're
18 going with it. So I wouldn't say there was a team
19 formed, but there were individuals that were
20 working towards a very thorough analysis of the
21 information to see whether or not the projection
22 was defensible.

23 Q And did you take part in that analysis?

24 A People in my organization did, and I
25 certainly was part of the reviews and discussions,
0291

1 LORIN BRASS, November 9th, 2006
2 et cetera.

3 Q And this occurred during 2001 after
4 Mr. van de Vijver became the head of EP?

5 A Yes.

6 Q And for how long did this analysis
7 continue?

8 A To the -- towards the latter part of
9 2001.

10 Q And was a decision made about whether or
11 not the number should be reduced?

12 A Yes.

13 Q And who made that decision?

14 A Well, it was certainly a CMD discussion.
15 Walter was there, of course, too, so I would have
16 to say CMD. I'm sure the Board was informed
17 before we did that.

18 Q And what was the number reduced to?

19 A Three.

20 Q In -- with respect to the analysis that
21 was undertaken of the production levels, do you
22 recall whether in 2001 the license expiry issues
23 of Nigeria were ever discussed?

24 A I don't recall specifics around Nigeria
25 license extension. Clearly Nigeria's production
0292

1 LORIN BRASS, November 9th, 2006
2 was part of this analysis. The two go hand in
3 hand, but I don't recall specific discussion.

4 Q Was Oman's production part of the
5 analysis?

6 A Absolutely.

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

10 MR. CLARK: Objection to form.

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

19 BY MS. MARSHALL:

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

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

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1 LORIN BRASS, November 9th, 2006
2 300,000 barrels a day, and there were forecasts
3 for that production to increase. It's a bit back
4 to the license extension, and the question really
5 was: Will the Nigerian production increase? So
6 that 300,000 barrels is certainly a significant
7 portion of our total production, so there was a
8 lot of emphasis put on that question of the
9 Nigerian production increase.

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

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

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

23 A Yeah, there was a CMD presentation made

24 and a paper given to CMD on reserves.

25 Q And did you make that presentation?

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2 A Yes.

3 Q When -- what was the genesis of that
4 presentation? Were you asked by somebody to make
5 a presentation?

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

13 Q Prior to Walter asking you to make the
14 presentation to the CMD, did you ever have any
15 conversations with him about the situation with
16 the reserves?

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

25 Q When did you -- obviously I'm not asking

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

6 A Well, that probably would have been in
7 the latter part of 2001 and the early part of
8 2002.

9 Q And do you recall generally what that
10 situation was?

11 A It's really a continuation of our
12 discussion so far, saying that our proved -- our
13 ability to get Reserves Replacement Ratios up to
14 the level we'd like to see is a real challenge.

15 Again given the kind of projects that we're
16 looking at, given the kind of production that
17 we're looking at, et cetera, and in so doing,
18 collect all kind of the issues we've talked about
19 and share with him the same listings that we've
20 talked about in Nigeria and Oman, et cetera, so
21 again it was a pretty complete, thorough analysis.
22 Of course, there's still many unanswered questions
23 and much more we could do, and again this gets
24 into the activities around the possibility of
25 license extensions, et cetera. So it wasn't sort
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2 of let's analyze, here's the answer, done with
3 project. It really was an iterative project that
4 extended over many months and got updated as
5 events occurred.

6 Q Do you recall who was working on this
7 analysis specifically?

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

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

18 A Well, in the I guess year and roughly
19 half I was there while he was there, I don't
20 recall this level of detailed analysis done.
21 Clearly there was looks at various parts of the
22 business, and of course, when we put the Business
23 Plan together, there was also opportunities there
24 to do cameos on significant parts of the business,
25 so that would be featured. And of course, he,
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2 himself, would travel from OU to OU, and they
3 would show him, as he travelled, all the details
4 of their production, et cetera, but it wasn't
5 quite the same. It's sort of this new step back,

6 take a whole comprehensive look at the picture

7 view that we started in 2001.

8 MS. MARSHALL: Okay. I see that the

9 lunch has arrived. If you want, we can take a

10 break now.

11 THE WITNESS: Thanks.

12 THE VIDEOGRAPHER: We are going off the

13 record. The time is 12:44 p.m.

14 (Whereupon, the lunch recess was taken.)

15 THE VIDEOGRAPHER: We are back on the

16 record. The time is 1:43 p.m.

17 MS. MARSHALL: Okay, Mr. Brass, I'm

18 going to show you another document which we'll

19 mark as Exhibit Number 8 (sic) for identification.

20 It's a document bearing Bates Number RJW00851015.

21 Oh, we're on 9. Thank you.

22 (Exhibit No. 9 was marked for

23 identification and attached to the deposition

24 transcript.)

25

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2 BY MS. MARSHALL:

3 Q Take a moment to read the document. I'm

4 not sure you need to read the whole thing, but if

5 you'd like, go ahead.

6 A Okay.

7 Q Do you recognize this document?

8 A Yes. For whatever reason, some of the

9 charts in the back look like perhaps just

10 different formatting, which caught my eye, but the

11 text is clearly the same, and most of the

12 attachments look familiar.

13 Q And what is this document?

14 A It's a note given to CMD for

15 information, updating them on our reserves and

16 more specifically our total hydrocarbon base

17 situation.

18 Q Earlier you testified that there was a

19 CMD presentation made and a paper given to CMD on

20 reserves in the early part of 2002. Was this the

21 note that you were referring to?

22 A No. I think actually I was referring to

23 the one that we did a little later, which I, I
24 can't remember now. It's in the summer or
25 thereabouts.

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2 Q In July?

3 A Yeah, I think so.

4 Q Okay. Referring to the note that's

5 Exhibit Number 9, did you participate in the
6 preparation of this note?

7 A Yes.

8 Q What was your role?

9 A Reviewer and making changes when talking
10 about it with Walter.

11 Q I'm sorry. I didn't hear that last
12 part.

13 A Yeah, I reviewed it as it was coming up
14 on its way to Walter, and then as Walter asked for
15 changes or edits or corrections, then I made those
16 edits or corrections to the document.

17 Q Who was primarily responsible for
18 putting the note together?

19 A It, it was John Bell and his
20 organization. I don't recall who wrote the note.

21 Q And so drafts of it went to Walter prior
22 to it going to the CMD?

23 A Yeah. The process requires that a CMD
24 member submits documents to CMD, so Walter would
25 have sponsored this to CMD.

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

6 A No, I don't recall the specifics of
7 these comments.

8 Q Was the note put together at his
9 request?

10 A Yes.

11 Q Do you know why he requested that the
12 note be put together?

13 A At about this time, increased attention

14 was put again on reserves. The summer and fall of
15 2001 was -- a lot of our efforts were consumed by
16 all the work we did on production, and as a part
17 of that, of course, we looked at some reserves
18 work, too, but when that production change was
19 finally behind us, his attention focused more on
20 reserves.

21 Q Were there any areas that he expressed
22 particular concern about?

23 A Areas --

24 Q With respect to reserves contained
25 within this note.

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2 A Areas of the world or areas of the
3 document, or --

4 Q Just any areas of particular concern. I
5 suppose that could mean geographical or otherwise.

6 MR. CLARK: Objection to form.

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

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

22 BY MS. MARSHALL:

23 Q Was he encouraging acquisitions?

24 A Yeah, he was quite favorable. If the
25 right thing was there for the right price, he was,

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2 he was in favor of acquisitions.

3 Q When you said he was also concerned
4 about the strength of the portfolio and did we

5 actually have -- "did we have actual, the
6 releases, properties, et cetera, to turn this
7 around," what did you mean by -- turn what around?
8 What was the "this"?

9 A This is per the topic for discussion on
10 the reserves primarily.

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

20 Do you recall when you first became
21 aware of this issue in 2001?

22 MR. CLARK: Objection to form.

23 BY MS. MARSHALL:

24 Q Or did you become aware of this issue in
25 2001?

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

5 Q Do you recall how you became aware of
6 this issue?

7 A My staff made me aware of it.

8 Q Which members of your staff?

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

13 Q What did you do once you became aware of
14 the issue?

15 A Well, we started to highlight it more
16 completely. We made analysis as to the areas in
17 which we saw some discrepancies between Shell
18 Guidelines and the SEC Rules and Guidance.
19 Discussions were held, and I won't recall the
20 details as to when and with who, but discussions
21 were held with at least Walter. I don't recall if

22 we also talked to the entire ExCom, but there was
23 some meetings where these discrepancies were
24 highlighted.

25 Q And do you recall what the discrepancies
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2 were?

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

13 Q Meaning Gorgon, Ormen Lange, Angola and
14 Waddensee?

15 A Yes.

16 Q Where is Waddensee?

17 A In the Netherlands.

18 Q Do you recall whether there were other
19 issues or whether there were other areas of
20 concern about whether the Group Guidelines were
21 fully aligned with the SEC Rules?

22 A There were other areas. I guess I'm,
23 I'm just not recalling what they were in the
24 moment.

25 Q Okay, but you remember there were other
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2 areas; you just don't remember what they were?

3 A Yes.

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

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

12 Q Who did you ask those questions to?

13 A Again to John Bell.

14 Q What was his response?

15 A Well, first of all, it was all rather

16 new to us, and so his first response was, well,

17 let's really try to understand what they

18 specifically are, how much the impact is, what

19 fields are potentially falling in these

20 categories, and that's resulting in sort of this

21 first paper describing perhaps where those areas

22 of discrepancy might lead to some, uh, to some

23 fields that have concerns.

24 Q Do you recall what Mr. Van der Vijver's

25 response was to the fact that there might be

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2 discrepancies between the Guidelines and the

3 Rules?

4 A No, I don't.

5 Q Do you recall when or whether Mister --

6 do you know whether Mr. Watts was ever made aware

7 of these discrepancies?

8 A Well, this paper, of course, went to

9 CMD, so I can't recall if there was another

10 discussion prior to it, but he certainly would

11 have been made aware as a result of this document.

12 Q Was Anton Barendregt involved in the

13 discussions regarding the discrepancies between

14 the Guidelines and the Rules?

15 A He was not there when I was talking with

16 John on these things. You know, clearly Anton

17 starts highlighting these in his annual summaries,

18 reviews, so he certainly was aware.

19 Q Were there -- in this paragraph it says,

20 "e.g., Gorgon, Ormen Lange, Angola and Waddensee."

21 Were there other fields that were discussed as

22 potentially being exposed as a result of the SEC

23 Rules not being aligned with or as a result of the

24 Group Guidelines not being aligned with the SEC

25 Rules?

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2 A To my recollection, what we developed

3 was, further in this process, was this -- the

4 longer exposure list, and that would have been our
5 complete list of those that are both misaligned,
6 potentially, with the SEC and also exposed to
7 things like license extension. And I guess I
8 recall that list being the one we referred to, and
9 I guess I don't remember how many of those were in
10 Category 1 or Category 2.

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

15 A Yeah, "legacy," in our company, in our
16 language, was just historic. It was in the past.

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

21 A The -- that one particularly referred to
22 the Waddensee in the Netherlands, and that field
23 was in a very sensitive area, environment-
24 sensitive area, and the big question was whether
25 or not we would ever get the permits to continue
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2 to drill and produce those fields through the
3 regulatory agencies in the Netherlands.

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

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

10 Q What would have been considered a
11 political showstopper?

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

18 Q And what was meant by a commercial
19 showstopper?

20 A Actually, Angola is probably the

21 commercial showstopper, the commercial question.
22 You know, as I'm just sitting here, I bet we meant
23 Gorgon on political, because there was -- the
24 Australian -- the lease overlapped, actually,
25 between -- that area overlaps in part between
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2 jurisdictional limits in waters between countries,
3 and there was some ongoing struggles between those
4 countries to resolve those boundaries in the
5 water.

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

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

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

19 A No. I wasn't at that meeting, so I
20 don't know.

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

24 MR. CLARK: Objection to form.

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

0310

1 LORIN BRASS, November 9th, 2006
2 remember the timing of that.

3 BY MS. MARSHALL:

4 Q Do you recall whether or not there was
5 an ExCom meeting regarding potential exposures of
6 legacy bookings prior to sending this note to the
7 CMD?

8 A I don't recall. This was a time frame
9 in which the Enterprise acquisition was really
10 getting close to occurrence. I was residing in
11 London for these months, and so during this period

12 of time I would be more apt to be missing some of
13 the ExCom meetings and not . . .

14 Q Okay. If you look at the "End of
15 License" heading underneath the paragraph we were
16 just referring to, it says, "In Oman PDO, Abu
17 Dhabi and Nigeria SPDC (18 percent of EP's current
18 production) no further proved reserves can be
19 booked since it is no longer 'reasonably certain'
20 that the proved reserves will be produced within
21 license. The overall exposure, should the OU
22 business plans not transpire, is 1,300 mln boe."
23 Can you explain what is meant by the statement,
24 "The overall exposure, should the OU business
25 plans not transpire, is 1,300 mln boe."

0311

1 LORIN BRASS, November 9th, 2006

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

18 Q So had the Business Plans been assuming
19 that there would be bookings made?

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

24 Q So were these legacy reserves?

25 A The term "legacy" isn't quite so

0312

1 LORIN BRASS, November 9th, 2006

2 applicable here. Yes, the answer is, though, that

3 these reserves had been on the book for a
4 considerable amount of time probably.

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

8 MR. CLARK: 1.3 billion.

9 BY MS. MARSHALL:

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

14 A Yeah, it's just an estimate, because --
15 but yes, that's the concept.

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

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

0313

1 LORIN BRASS, November 9th, 2006
2 themselves, the discussion about the confidence
3 they have in those reserves being produced.

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

8 A No.

9 MR. MORSE: Objection to form.

10 BY MS. MARSHALL:

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

15 MR. CLARK: Same objection.

16 MR. MORSE: Yeah.

17 THE WITNESS: I don't recall.

18 BY MS. MARSHALL:

19 Q Did you agree with this statement in

20 February of 2002 that it was no longer reasonably
21 certain that the Proved Reserves would be produced
22 within the license?

23 MS. WICKHEM: Objection to form.

24 MR. MORSE: Same objection.

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

0314

1 LORIN BRASS, November 9th, 2006

2 it now again.

3 BY MS. MARSHALL:

4 Q Sure. If you look at the document in
5 front of you, that first sentence under "End of
6 License" --

7 A Right.

8 Q -- which reads, "In Oman PDO, Abu Dhabi
9 and Nigeria SPDC (18 percent of EP's current
10 production) no further proved reserves can be
11 booked since it is no longer 'reasonably certain'
12 that the proved reserves will be produced within
13 license," at the time this document was created,
14 did you agree with that statement?

15 A For Nigeria I would say yes. I
16 personally knew a little bit less about Abu Dhabi
17 and Oman.

18 Q Do you know whether any -- do you know
19 whether or not Mr. Van der Vijver agreed with this
20 statement when this document was created?

21 A He would tend to edit things that he
22 didn't want in the document. I guess technically
23 I don't know, but he certainly left this statement
24 in the document.

25 Q Was he the sponsor of the document?

0315

1 LORIN BRASS, November 9th, 2006

2 A Yes.

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

9 A Yes. I only hesitate because we were
10 asked to do that. I'm not sure if it had already

11 been done by the time we got around to making the
12 document or it was part of this process, but yes,
13 we were.

14 Q And who asked you to look at that?

15 A Walter.

16 Q Do you know why he asked you to look at
17 that?

18 A Well, my, my interpretation would be
19 that whenever you're trying to describe to someone
20 what your current situation is, you have to give
21 them some perspective as to where you've been, and
22 this one is no exception to that. In addition to
23 that, as we've seen in others, and he knew very
24 well as well, there was, as this note says, sort
25 of a "bookings rich" period in the not so distant
0316

1 LORIN BRASS, November 9th, 2006
2 future, so it was important to be able to put it
3 in perspective, and, as we usually do, and we
4 talked about, too, that one year is not
5 necessarily all that critical, when you look at
6 three-year rolling averages, five-year rolling
7 averages, those are critical.

8 Q When was the "booking rich" period you
9 just referred to?

10 A Well, the note was referring to '96
11 to '98, 1996 to 1998.

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

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

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

25 A I think it's just the way it's printed
0317

1 LORIN BRASS, November 9th, 2006

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

5 Q With respect to the Enterprise
6 acquisition, is that an acquisition that was
7 eventually completed?

8 A Yes.

9 Q Was there ever a reserve booking issue
10 with respect to Enterprise?

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

20 Q What were the problems or potential
21 problems with those fields?

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

25 Q Do you recall what the ultimate decision
0318

1 LORIN BRASS, November 9th, 2006
2 was with respect to the booking of those fields?

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

8 Q Do you know if they ultimately were
9 de-booked?

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

12 Q Why was the decision made to wait until
13 2003 if they were not to be viewed differently,
14 which I think were your words?

15 A Yeah. Some of it was, I suppose, the
16 idea that additional analysis would help. I
17 recall in those discussions, too, we knew -- and
18 we did not control KMOC. We knew the, the primary

19 owners were having it under sale, and in fact, the
20 sale was almost reaching a point nearing
21 completion. That was in our conversation. I'm
22 not saying that was a reason to book or not book.
23 I'm just trying to remember the elements of the
24 discussions we were in at the time.

25 Q I'm going to -- do you know who -- do

0319

1 LORIN BRASS, November 9th, 2006
2 you know at what level the decision was made
3 regarding the bookings for Enterprise?

4 A No, I can't recall.

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

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

12 THE WITNESS: Okay.

13 BY MS. MARSHALL:

14 Q Do you recognize this document?

15 A I recognize the slides, yes.

16 Q What are these slides from?

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

23 Q Is it --

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

0320

1 LORIN BRASS, November 9th, 2006
2 discussion, it probably was the same title. And
3 remember we talked a year prior we weren't sure
4 there was a presentation, never concluded there
5 was or wasn't. I'm thinking this is the annual
6 presentation to ExCom, similar to what we
7 discussed two years earlier.

8 Q Do you know whether or not you had any
9 involvement with the creation of these slides?

10 A Again John and his group would have put
11 these originally together. I normally would have
12 been in the review. I'm not saying really I
13 wasn't, but again I knew that, too, that I was out
14 of the office almost all the time during this
15 period, but therefore I can't confirm I was part
16 of the review process, but . . .

17 Q Is it possible that this slide
18 presentation was part of the presentation that was
19 made to the CMD?

20 MS. WICKHEM: Object to form.

21 MR. MORSE: Lack of foundation.

22 BY MS. MARSHALL:

23 Q You can answer.

24 A Some of the charts here are same as the
25 Note for Information, but a Note for Information

0321

1 LORIN BRASS, November 9th, 2006
2 protocol would not, would not have a presentation
3 with it, so there would not have been a
4 presentation at CMD with this note.

5 Q So the note was sent to CMD; that you
6 know?

7 A Yes.

8 Q Okay. Do you know if the slides that
9 are included in Exhibit 9 is a complete set of the
10 slides that were sent to the CMD?

11 MS. WICKHEM: Object to form; lack of
12 foundation.

13 THE WITNESS: I can't be sure other
14 than -- you know, when retrieving this document,
15 this was a package, but I can't be sure it's
16 complete or incomplete.

17 BY MS. MARSHALL:

18 Q Okay. Do you recall a presentation to
19 ExCom in February of 2000 (sic) that included
20 these slides that are on Exhibit 10?

21 MR. CLARK: Objection. Do you mean
22 February of 2002?

23 MS. MARSHALL: I do. Thank you.

24 THE WITNESS: Really, all those slides
25 look familiar. Again I'm not recalling the

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1 LORIN BRASS, November 9th, 2006

2 meeting itself.

3 BY MS. MARSHALL:

4 Q Do you recall whether or not Mr. van der
5 Vijver viewed these slides prior to any ExCom
6 meeting?

7 A No, I don't.

8 Q Earlier when we were looking at the Note
9 for Information, which is Exhibit 9, and the
10 potential -- the fields with potential exposures,
11 if you look at Page -- it's Bates 10208, which I
12 think is the second to the last page of the
13 document.

14 A Yes.

15 Q Is this completely --

16 MR. MORSE: Are we on Exhibit 10?

17 MS. MARSHALL: Yeah.

18 MR. MORSE: Sorry.

19 MS. MARSHALL: That's okay.

20 BY MS. MARSHALL:

21 Q Is this a complete list of the fields
22 you recall being made for those with reserves at
23 risk for new fields?

24 MR. CLARK: Objection to form.

25 Do you understand the question?

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1 LORIN BRASS, November 9th, 2006

2 THE WITNESS: My understanding is, of
3 the category of new fields, of the category of
4 discrepancies between SEC Guidelines and Shell
5 Guidelines, does this comprise the totality of the
6 list of new fields, uh --

7 BY MS. MARSHALL:

8 Q Yes.

9 A Yeah, I mean again I recognize these,
10 but I can't, I can't actually swear that this is
11 the complete list.

12 Q Okay. And the next page, Bates 10209,
13 is titled "End License -- Reserves at Risk." Do
14 you recall this list?

15 A Yes.

16 Q What do you recall it being a list of?

17 A The fields that had licenses, ends of

18 licenses coming up where there was some question
19 whether or not we could produce all the reserves
20 prior to end of license.

21 Q If you turn to Page 10207 where it says,
22 "New Fields -- Guidelines Currently Too Lenient,"
23 and it says, "SEC clarifications in 2001 clearly
24 insist on full project maturity, company
25 commitment and absence of possible showstoppers."

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1 LORIN BRASS, November 9th, 2006

2 Do you know who drafted this chart that appears
3 underneath that statement?

4 A No. It's the same chart I recall in my
5 discussions with John when they were briefing me
6 on the differences.

7 Q Do you recall whether or not Mr. Van der
8 Vijver had any comments with respect to this
9 chart?

10 A This chart?

11 Q Yeah.

12 A The 10207? No, I don't recall.

13 Q Did you ever learn whether there was a
14 reaction to the Note for Information, which is
15 Exhibit 9 that was sent to the CMD, by the CMD?

16 A No. I recall Walter committing to tell
17 them more about this in the ensuing months.
18 That's all I recall as feedback.

19 Q And how did you learn that Walter had
20 committed to tell them more about this in the
21 ensuing months?

22 A It appeared in a note, and I don't
23 recall the date and all the to's and from's, but
24 it was a note that I read.

25 Q Was it an e-mail exchange?

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1 LORIN BRASS, November 9th, 2006

2 A Probably an e-mail. Well, no. Sorry.
3 My recollection it was a -- it was simply a hard
4 copy of a note that had some other text on it, and
5 I don't recall that text.

6 Q Who was the note addressed to?

7 A I don't recall.

8 Q Do you recall the circumstances by which

9 you saw that note?

10 A As part of the review for this process.

11 Q So after the Note for Information was
12 sent to the CMD, when is the next time you heard
13 about it?

14 A The next time that we had a discussion
15 with CMD was the next, you know, event we were
16 working for, and that occurred in July of 2002.
17 Again we sent them a note ahead of time, and this
18 time it was a note requiring a presentation that
19 went with it.

20 Q What transpired during, in between the
21 February 11th presentation and the July
22 presentation or the February 11th note and the
23 July presentation?

24 A In general, work continued on all these
25 topics, including the license extension, the
0326

1 LORIN BRASS, November 9th, 2006
2 understanding of the fields. We did even more
3 digging as to the background and histories of the,
4 of the bookings that had been done and tried to
5 look more at what more could be done going
6 forward, not just here's the situation, but also
7 put some additional plans in place in order to
8 improve the situation.

9 Q And did you do that at the direction of
10 Mr. Van der Vijver?

11 A Yes.

12 Q And when did you receive that direction
13 from him?

14 A I don't recall.

15 Q Did you receive any direction from him
16 after the Note for Information went to the CMD on
17 February 11th, 2002?

18 A I don't recall.

19 Q The note that you recall -- the hard-
20 copy note that you recall reading, was that after
21 the February 11th, 2002, note went to the CMD?

22 MR. CLARK: Objection; misstates prior
23 testimony.

24 BY MS. MARSHALL:

25 Q You can answer the question.

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2 A I think it was.

3 Q And do you recall what further action --
4 what do you recall about that note specifically
5 requesting Mr. Van der Vijver to look into?

6 A I suppose it was really no surprise,
7 because notes for information are really that. In
8 the style of both CMD and EP ExCom, Notes For
9 Information are really there for the participants
10 in the meeting to have read and understood. If
11 there are questions about it at the meeting, then
12 they're brought up. Actually, if there's no
13 questions at the meeting, they're just passed
14 over, because they're really a Note for
15 Information. So to follow it up with another note
16 and a presentation for a much thorough discussion
17 made all the sense in the world to me, because
18 this would have been a bit of a warm-up, get them
19 understanding what the issues are and what our
20 thoughts are, have them absorb that, and then come
21 back as soon as practical with a much more
22 detailed note and a better discussion.

23 Q What, if any, was Mr. Watts' involvement
24 in the Note For Information -- the 11th of
25 February, 2002, Note For Information?

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1 LORIN BRASS, November 9th, 2006

2 A He would only have been a recipient of
3 the note.

4 Q Do you recall ever learning about
5 whether he had any particular reaction to the
6 information contained in the note?

7 A No.

8 Q Did you ever have any conversations with
9 Mr. Watts during 2002 on any subject? I mean did
10 you have any interaction yourself with Mr. Watts
11 during 2002?

12 A Not one on one; only in presentations at
13 CMD.

14 Q And was the first presentation that you
15 made to CMD regarding reserves in July of 2002?

16 A Yes.

17 MR. CLARK: I'm going to need a break at

18 some point.

19 MS. MARSHALL: Do you want a break now?

20 MR. CLARK: Yeah.

21 THE VIDEOGRAPHER: This marks the end of

22 Tape 2, Volume II, of the deposition of Mr. Brass.

23 We are going off the record. The time is

24 2:40 p.m.

25 (Whereupon, a short recess was taken.)

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1 LORIN BRASS, November 9th, 2006

2 THE VIDEOGRAPHER: This marks the

3 beginning of Tape 3, Volume II, in the deposition

4 of Mr. Brass. We are back on the record. The

5 time is 2:57 p.m.

6 BY MS. MARSHALL:

7 Q Mr. Brass, going back to Exhibit Number

8 10, which is that slide presentation, the

9 February 4th slide presentation, do you recall

10 whether or not Peter van Driel was involved in

11 this slide presentation?

12 A No, I don't.

13 Q What was his role at that time if you

14 can recall?

15 A I don't recall.

16 Q Do you recall ever hearing any views

17 expressed from Mr. Warren regarding presentation

18 on reserves to ExCom?

19 A No.

20 Q And just quickly going back to our

21 discussion about the Enterprise acquisition, do

22 you know -- I think you said that one of the

23 fields -- the reserves were booked for both

24 fields, and one field was ultimately sold because

25 that company was sold; is that correct?

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1 LORIN BRASS, November 9th, 2006

2 A Yes.

3 Q And the other field was -- do you know

4 whether or not that other field, whether that

5 other field's reserves were restated as part of

6 the recategorization in 2004?

7 A I don't know.

8 Q I'm going to show you a document that
9 we'll mark as Exhibit Number 11. It's Bates
10 HAG00082964 through 988. There's three pages of
11 e-mails, and then there's a document attached.

12 A You --

13 Q I wouldn't read through the whole
14 document. If I have particular questions, I'll
15 ask you, but you might want to look through the
16 e-mail pages, the first couple of pages of the
17 documents, to see if it refreshes your
18 recollection.

19 A Right.

20 (Exhibit No. 11 was marked for
21 identification and attached to the deposition
22 transcript.)

23 THE WITNESS: Okay.

24 BY MS. MARSHALL:

25 Q Do you recognize this e-mail exchange
0331

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2 that begins on -- it's really just the first page
3 of this document.

4 A Yes.

5 Q Do you recall the circumstances
6 surrounding this e-mail exchange?

7 A He was getting ready for CMD.

8 Q And by "he" you mean --

9 A Excuse me. Walter was getting ready for
10 CMD, and since this note is attached and the dates
11 match, I'm assuming it's a CMD in which this
12 reserves outlook was going to be discussed.

13 MR. CLARK: I'll just note that the
14 Bates numbers on the document are not contiguous.
15 They represent a gap of approximately 20 pages
16 between the third page and the fourth page.

17 MS. MARSHALL: Sure. Well, you know
18 what I think it might be, actually? I probably
19 should have -- I'm not sure, but --

20 MR. CLARK: Moreover, the pages -- it
21 looks like maybe pages were brought from the back
22 as well, put in the front, and so --

23 MS. MARSHALL: Why don't we take a quick
24 break for a minute, and I'll try to figure out

25 what the issue is.

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1 LORIN BRASS, November 9th, 2006

2 MR. CLARK: That would be great.

3 THE VIDEOGRAPHER: We are going off the
4 record. The time is 3:03 p.m.

5 (Whereupon, a short recess was taken.)

6 THE VIDEOGRAPHER: We are back on the
7 record. The time is 3:06 p.m.

8 MS. MARSHALL: For the record, the way

9 that the exhibit was stapled has the pages out of

10 order. The first page of the exhibit should be

11 HAG00082964, then 965, then 966, which is three

12 pages of e-mails. The page that is Bates stamped

13 82988 was put in front of --

14 MR. CLARK: 989.

15 MS. MARSHALL: Oh, I'm sorry, 989, which

16 is titled "Note to CMD," was put in front of Bates

17 82967, which was out of Bates order.

18 MR. CLARK: And should be the last page
19 of the exhibit.

20 MS. MARSHALL: Correct.

21 MR. HABER: Bottom line.

22 MR. CLARK: Agreed.

23 BY MS. MARSHALL:

24 Q Now that we're all on the same page, if

25 you look at the first page of the document -- give

0333

1 LORIN BRASS, November 9th, 2006

2 me a moment, please.

3 You testified that Walter was getting

4 ready for CMD. What was he doing to get ready for

5 the CMD around this time?

6 A Asking me or giving advice as to

7 presentation material.

8 Q Was a note prepared that was sent to CMD

9 prior to the presentation?

10 A Yes.

11 Q And is that note attached to this

12 document or part of this exhibit?

13 A Yes.

14 Q Do you know who drafted this note?

15 A John Pay.

16 Q Did you participate in the creation of
17 this note?

18 A In review.

19 Q And was Mr. Van der Vijver the sponsor
20 of the note to the CMD?

21 A Yes.

22 Q And when you say "review," can you
23 describe what steps you took to review this
24 document?

25 A Really to read it and make editorial or
0334

1 LORIN BRASS, November 9th, 2006
2 ask questions relative to elements of it.

3 Q Do you know when -- was this note
4 prepared at the direction of Mr. Van der Vijver?

5 A Yes.

6 Q And do you know when he requested that
7 this note be prepared?

8 A No.

9 Q If you look to the first page of the
10 exhibit, there's an e-mail dated July 18th from
11 Mr. van der Vijver to yourself, and it says, "At
12 CMD I want to see a presentation that simplifies
13 some of the messages," and then there appears to
14 be a list. Did you -- had you been in the process
15 of preparing a presentation to CMD when you
16 received this e-mail?

17 A Myself and/or again John or John, John
18 Bell or John Pay.

19 Q Is this a presentation that you had been
20 aware of for some time?

21 A I think it is. The presentation isn't
22 here, but I think it is.

23 Q When -- did you understand this e-mail
24 when you received it?

25 A Yeah, I think so.
0335

1 LORIN BRASS, November 9th, 2006

2 Q When he said, "At CMD I want to see a
3 presentation that simplifies some of the
4 messages," the first point is "2002 to 2006 plus
5 FIDs that already have proved reserves (summary)
6 and impact on F&D unit cost and how we benefitted

7 in prior years." What did you understand that to
8 mean?

9 A For the years 2002 to 2006 plus -- "FID"
10 is "Final Investment Decisions," so in our
11 Business Plan in that period, 2002 to 2006 plus,
12 what are the Final Investment Decisions for
13 projects that we intend to take, and how many of
14 those already have Proved Reserves booked, and
15 hence, when they were booked back in prior years,
16 how did into impact the Reserves Replacement
17 Ratios, Finding and Development costs, et cetera.
18 And the fact that those bookings were made then
19 show me what the Finding and Development unit
20 costs are now and back then.

21 Q And what is meant by "Finding and
22 Development unit costs"?

23 A That's, that's an industry parameter
24 that adds together your exploration costs and all
25 the costs to develop the fields, and there are
0336

1 LORIN BRASS, November 9th, 2006
2 some other categories I'm not remembering; and
3 divides it by the bookings in those years, proved
4 bookings, proved reserve bookings.

5 Q So what was the relevant -- relevance of
6 the impact on the F&D unit costs?

7 A Since, on a stand-alone basis, because
8 those Proved Reserves were not there when we take
9 the FID, overall our Finding and Development costs
10 would be higher and the Finding and Development
11 costs prior would have been lower.

12 Q And is one preferable to the other?

13 A Lower is better.

14 Q Did you understand why Mr. Van der
15 Vijver wanted that to be part of the presentation
16 to CMD?

17 A I know we were -- well, there were
18 questions about why is our Finding and Development
19 cost so high. That had been a topic of
20 discussion, and I won't be able to quote when they
21 were or with who. And I think he's getting ready
22 for that question, you know, what are the elements
23 of your Finding and Development costs and why are

24 they as high as they are.

25 Q So was there a -- had it determined that
0337

1 LORIN BRASS, November 9th, 2006
2 the Finding and Development costs were so high
3 because of what had happened in prior years?

4 A It was an element. There were several
5 elements, including just the overall portfolio
6 again that we had, the cost to develop these major
7 projects, our bookings would be spread out, et
8 cetera, so it was an element.

9 Q In the next item it says, "What we are
10 doing to raise reserves basis, both expectation
11 and proved," and then there's a list. What did
12 you understand him to mean by "reserves basis"?

13 A Only what are we doing to reserve -- my
14 interpretation is what are we doing to raise both
15 Expectation Reserves and Proved Reserves.

16 Q And then under that is a list. What is
17 E&A?

18 A Exploration and --

19 Q Is it acquisition?

20 A No. Appraisal. Exploration and
21 Appraisal.

22 MR. CLARK: I was going to give you a
23 hint.

24 THE WITNESS: Thank you.

25
0338

1 LORIN BRASS, November 9th, 2006

2 BY MS. MARSHALL:

3 Q And what was being done with respect to
4 exploration and appraisal in order to raise the
5 reserve basis?

6 A This is mid-2002. I suppose I would
7 refer back to the Exploration FRD that we talked
8 about yesterday and the action items that ensued
9 from that, which were all geared toward improving
10 the value added from exploration. I can't recall
11 if there were other, more events in mid-2002, like
12 lease sales, et cetera, that might have also gone
13 towards improvement of exploration activities.

14 Q How would lease sales increase the

15 reserve basis?

16 A If you're actively acquiring good
17 leases, you have more opportunities to drill for
18 hydrocarbons. And with the onset of finding
19 hydrocarbons, eventually you have the possibility
20 or the likelihood of booking reserves. It's a
21 long-term. It wouldn't do anything in 2002. A
22 lease acquired might be ten years before you're
23 even close to booking reserves.

24 Q So when you said "lease sales," that
25 meant they were purchasing leases?

0339

1 LORIN BRASS, November 9th, 2006

2 A Yeah, I'm sorry. A lease goes for sale.
3 A government puts a lease up for sale. Those are
4 called lease sales, and we go to the lease and buy
5 the lease. Sorry.

6 Q No, no, it's fine. Thank you for
7 clearing that up.

8 And what is the next item, "Acq"? What
9 did you understand that to mean?

10 A Acquisitions.

11 Q And how are -- is that what we talked
12 about, how acquisitions were being used to raise
13 the reserve basis?

14 A Yes.

15 Q Such as the Enterprise acquisition?

16 A Yes.

17 Q And what about revisions?

18 A That's one of the categories in your
19 booking of reserves, so he's just saying what are
20 we doing around revisions.

21 Q And was there anything happening with
22 respect to revisions in 2000 (sic) that was
23 raising the reserve basis?

24 MR. CLARK: 2000 or 2002?

25

0340

1 LORIN BRASS, November 9th, 2006

2 BY MS. MARSHALL:

3 Q 2002. Thank you.

4 A I can't recall anything specific.

5 Q And what does "T&OE" drive refer to?

6 A It's another one of the initiatives we
7 have. It stands for "Technical And Operational
8 Excellence," and there was again a whole -- a
9 number of various activities that were identified
10 to improve the business, both on the technical and
11 the operational side.

12 Q And what were some of those?

13 A Well, there were teams that were looking
14 specifically at enhanced recovery; for instance,
15 waterfloods. There was a team that was looking at
16 production, ways to improve production rates from
17 existing wells. There was a team targeted towards
18 reserves, the maturation of the reserves primarily
19 from Scope of Recovery to Expectation and Proved.
20 There was, I think -- well, there was some also
21 related to the actual facilities where a lot of
22 the oil and gas are processed. So it spanned
23 elements of the entire Oil and Gas or most all of
24 the Oil and Gas operations.

25 Q Did -- was John Pay involved with the
0341

1 LORIN BRASS, November 9th, 2006
2 T&OE?

3 A No.

4 Q Did he ever become involved with that?

5 A Not to my knowledge.

6 Q What about John Bell?

7 A Yes.

8 Q That's who I was thinking of. Thank
9 you.

10 A Yes.

11 Q What was his involvement?

12 A When we first started the initiative, he
13 was chosen to lead it.

14 Q Why was he chosen to lead it?

15 A Because he seemed like an excellent
16 candidate, given his experience, background,
17 capabilities, communication skills, et cetera.

18 Q And do you know the time period that he
19 was chosen to lead the T&OE drive or team?

20 A Well, he did that when he left this job.

21 Q Which job?

22 A I'm sorry. The head of Strategy and

23 Planning, and I can't recall when that was.

24 Q Was the T&OE team created to look into
25 ways to raise the reserve basis?

0342

1 LORIN BRASS, November 9th, 2006

2 A As I mentioned, one of the teams,
3 because there were several -- one of the teams
4 concentrated on primarily ways to move reserves
5 from Scope of Recovery, Expectation, into Proved
6 category.

7 Q Do you know who led that team?

8 A No.

9 Q Where was this team located?

10 A John was there still in, in The Hague,
11 and most of the team members, although we pulled
12 several from the Operating Units as well, were
13 officed at Rijswijk.

14 Q And how long did -- is this team still
15 in creation, in existence?

16 A I don't think so. It was an initiative,
17 and it did last for years, but I don't, I don't
18 think it's in existence as that same name anyway
19 at this point in time.

20 Q Did you have interaction with this team?

21 A Not particularly.

22 Q Do you know whose idea it was to form
23 this team?

24 A It was, it was discussed and agreed at
25 ExCom and even more broadly at the EP leadership

0343

1 LORIN BRASS, November 9th, 2006

2 forum. I forget who the sort of founding person
3 was for that initiative.

4 Q Do you know if any of the teams, any of
5 the T&OE teams were located in the United States?

6 A I'm not aware of any.

7 Q Okay. Further down under "T&OE" it says
8 "License Issues." Was anything in particular
9 going on with respect to license issues that was
10 raising the reserve basis as you were putting
11 together the presentation to the CMD?

12 A Well, we were certainly working on the,
13 uh, specifically the Nigeria license extension,

14 and I would have interpreted that to, to what he
15 meant. I don't know when we kicked off --

16 THE REPORTER: To a what? To a meant?

17 THE WITNESS: Meant what he -- sorry.

18 And the other one we talked about was the Oman
19 License Extension Team.

20 MS. MARSHALL: I think he said "I would
21 have interpreted that to be what he meant."

22 THE REPORTER: Thank you.

23 BY MS. MARSHALL:

24 Q And what was "New Projects"?

25 A Well, anything again that was -- for

0344

1 LORIN BRASS, November 9th, 2006
2 instance, this list of FIDs from 2002 to 2006, you
3 would have seen things like the large Kashagan
4 field, the Sakhalin activities; you would have
5 seen things like Angola Block 18, all those major
6 new projects coming forward.

7 Q What about this "big ticket items NBD"?

8 A "NBD" stands for "New Business
9 Development." It was an internal label we placed
10 on the large -- the largest opportunities that we
11 had in New Business Development. These would not
12 be major corporate acquisitions, but they would be
13 various -- associated with various fields around
14 the world.

15 Q He wrote here, "Please share draft with
16 me." Do you recall sharing a draft of your
17 presentation with Mr. Van der Vijver?

18 A Well, I would have done what I said in
19 the response. I don't recall the review itself,
20 but yes, I certainly sent him a draft of the
21 presentation.

22 Q Do you recall whether or not you
23 received comments?

24 A No, but I would have gotten a response
25 either that they're fine or that he had some

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1 LORIN BRASS, November 9th, 2006
2 changes.

3 Q If you turn to Page -- I think this
4 might be easiest to do it this way. Page 4 of the

5 Note For Discussion, which is Bates Number 970.

6 A Okay. Do you want me to read it, or --

7 Q No, I'm just going to point you. Under
8 "2.4, 2003 Upside" it says, "Backfilling 2003 by
9 accelerating bookings from later years might be
10 feasible." Do you know what "backfilling" means
11 in this context?

12 A Well, increasing the reserves booking in
13 2003, backfilling may have, may have referred to
14 prior portions of the notes. For instance, in
15 2002 that is the year we booked the first tranche
16 of Kashagan, which is a pretty sizable lump, and
17 originally I think that had been in our Business
18 Plan for 2003, so by taking that out of 2003 and
19 moving it to 2002 left a bit of a void in 2003,
20 and so what he's saying here is: Are there ways
21 we can do the same thing by changing our drilling
22 programs, accelerating exploration activities, et
23 cetera, that are currently on FID lists later?
24 Can we do things in the field to bring those
25 forward into 2003?

0346

1 LORIN BRASS, November 9th, 2006

2 Q When you booked the first tranche of
3 Kashagan in 2002, had an FID been made?

4 A There was a Declaration of Commerciality
5 in 2002, so the partners had given notice to the
6 government that we are ready to proceed with the
7 project. It's called a Declaration of
8 Commerciality. I don't recall the exact date of
9 the FID, but that was a significant commitment
10 towards the project when you declare
11 commerciality.

12 Q And had that happened earlier than had
13 been anticipated?

14 A I know we always were a bit pessimistic
15 how soon that would occur, and for our Business
16 Plans we would generally, outside the partnership,
17 keep our startup a little later than what the
18 other partners were carrying, what the operator
19 was carrying.

20 Q And that's what's referred to in the
21 first paragraph on Page 3 of the note, the first

22 paragraph under "2002 Latest Estimate"?

23 A Yeah, I'm just reading it.

24 Q Okay.

25 A Yes. Yes.

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1 LORIN BRASS, November 9th, 2006

2 Q Now, if you look at the next paragraph,
3 there's a discussion about the UFDC, and it refers
4 to a "\$3-5 per boe comfort zone."

5 A Uh-huh.

6 Q Can you explain to me what that comfort
7 zone is.

8 A Yeah, as I recall, again two or three
9 organizations collect data from all the Oil and
10 Gas industry, and they display what the industry's
11 performance is in a number of categories,
12 including Finding and Development costs. And in
13 general our competitors and others would be in
14 that range, and, of course, there's a wide spread
15 always, and so being in that range would be good,
16 because you're right up with the competition.

17 I think the other element is the
18 investment community, the analysts, would start to
19 raise their eyebrows if Finding and Development
20 costs go higher, and again not recalling
21 specifically, but I'm assuming, you know, once you
22 get over five dollars, you're going to be
23 answering a lot more questions from the analyst
24 community about your Finding and Development
25 costs.

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1 LORIN BRASS, November 9th, 2006

2 Q So is that a figure that was closely
3 followed within the company?

4 A Yes, we followed it, because it was an
5 industry number that people talked about and the
6 analysts used. We found it to be a very poor
7 measure of performance, and therefore we didn't do
8 a lot of internal work with it other than produce
9 the number and know how we stacked up with the
10 competition.

11 Q So according to this, even if reserves
12 could be fully replaced, the figure would be

13 reduced only to \$6.4 per boe. Is that for the
14 year 2002?

15 A Yes.

16 Q And do you know what is meant by "even
17 if reserves could be fully replaced"?

18 A It's just saying \$9.40 is what you get
19 with our current estimate of Reserves Replacement
20 Ratio, and just as a "what if," what if we had a
21 hundred percent reserve replacement, just to say
22 that even if we did that good, which we're not
23 going to do, we still wouldn't be in the comfort
24 zone, so he's simply saying its still -- we're
25 saying it's still a high number.

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1 LORIN BRASS, November 9th, 2006

2 Q Why wouldn't a hundred percent Reserves
3 Replacement Ratio get you into that comfort zone?

4 A It's a simple math of how much --

5 Q Simple for you, right?

6 A It's just finding all the money we spent
7 in 2002 divided by all the barrels we would have
8 booked, which would have been what we produced.
9 So that math still comes up with a number, and,
10 you know, what's happening here again is that our
11 capitalists are having to see quite some increases
12 because of these major projects. I'm not sure we
13 raised the ceiling a lot yet by 2002, but our
14 spend rate was going up because of all these
15 projects.

16 Q So in order to get the UFDC in the
17 comfort zone, the Reserves Replacement Ratio would
18 have to have been well over a hundred?

19 MR. CLARK: Objection.

20 THE WITNESS: Right, or the, or the
21 costs would have had to come down, one or the
22 other or both.

23 BY MS. MARSHALL:

24 Q Now, if you look at the, toward the
25 bottom of the page under "2002 Upside," it says,

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1 LORIN BRASS, November 9th, 2006

2 "Further upside may stem from organic revisions to
3 the acquired Enterprise portfolio. Review of

4 their practices show that they were conservative
5 in their approach to SEC reserves declarations
6 compared with Shell."

7 How were they conservative in their
8 approach to the SEC or reserves declaration
9 compared with Shell?

10 MR. MORSE: Objection to form.

11 THE WITNESS: Yeah, I don't recall.

12 BY MS. MARSHALL:

13 Q Do you recall conversations regarding
14 whether Enterprise was conservative in their
15 approach to SEC reserve declarations compared with
16 Shell?

17 A Only the topic. I don't recall any of
18 the content.

19 Q Do you recall how Shell learned what
20 Enterprise's approach to SEC reserve declarations
21 was?

22 A Only after having enough time to work
23 with their data. Some of the people, of course,
24 we hired, and so we could talk to them as well,
25 but it took some time to really understand how

0351

1 LORIN BRASS, November 9th, 2006
2 they did their work, so this is still a relatively
3 early days. We basically -- yeah, this is July,
4 so the acquisition is essentially just, just
5 happening at this point in time.

6 Q It says, "Application of the Shell
7 Guidelines should yield a few tens of millions of
8 barrels, possibly with more to come from the
9 natural flow of revisions within the portfolio."
10 Do you recall which year's Guidelines this was
11 referring to?

12 A No.

13 Q Since it had become a point of
14 discussion in early 2002 that there was a
15 discrepancy between the SEC Rule and the Shell
16 Guidelines, were the Shell Guidelines revised?

17 A Work was begun to revise the Guidelines.
18 I don't recall exactly when those were completed.

19 Q If you turn to the sixth page of the
20 note under "Historical Context," the second

21 paragraph, it says, "With the benefit of
22 hindsight, some of the organic revisions made in
23 recent years now appear somewhat aggressive;
24 principally Australia (Gorgon, struggling to reach
25 maturity) and SPDC (bookings continued on the back
0352

1 LORIN BRASS, November 9th, 2006
2 of expected production growth that has still to
3 materialize, contributing to a bow-wave problem in
4 the remainder of the license)."

5 Do you recall whether or not you agreed
6 with that statement at that time?

7 A By mid-2002, I, I think I would agree
8 with that statement.

9 Q If you look to Page 13 of the note, it's
10 titled "Attachment 1d," and it's titled "Possible
11 Constraints on Within-License Resources
12 (at 1.1.2002)." Do you know who compiled this
13 list?

14 A John Pay.

15 Q Do you know if an effort was made to
16 make this list complete?

17 A Yes. This would be, this would be a
18 very complete list.

19 Q And were the possible constraints --
20 strike that. If you look at the document, it's
21 organized under different headings. Do those
22 headings describe what the possible constraints
23 within license were summarized to be?

24 MR. CLARK: Objection to form.

25 THE WITNESS: I'm just reading through
0353

1 LORIN BRASS, November 9th, 2006
2 them a minute.

3 BY MS. MARSHALL:

4 Q Sure.

5 A By and large, yes.

6 Q If you turn to Attachment 1g, which is
7 on Page 16, what did you understand this list to
8 be?

9 A It's, it's taking now just an
10 Operating-Unit-by-Operating-Unit description of
11 what some of the challenges are, whether it's on

12 resources, so not, they're not -- it's not just a
13 listing of the challenges for Proved Reserves;
14 it's, it's for all categories of reserves for
15 Expectation Reserves, for Scope of Recovery, et
16 cetera.

17 MS. MARSHALL: I'm going to show you a
18 document which we'll mark as Exhibit Number 12.
19 It's Bates number V00230877 through 903.

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

23 THE WITNESS: Okay.

24 BY MS. MARSHALL:

25 Q Do you recognize this document? And I'm
0354

1 LORIN BRASS, November 9th, 2006
2 less concerned with the first two pages, which is
3 the e-mail exchange or the attachment which begins
4 on Page 879.

5 A Yes. I guess it just starts twice,
6 though, a little bit, doesn't it?

7 Q Does it? I don't know.

8 A It just seems like a repeat of the first
9 two pages.

10 Q Yeah, I believe this is the way the
11 document was produced to us.

12 A Yeah, that's fine.

13 Q So maybe if we start at Page 882, that
14 might be cleaner.

15 A Yes.

16 Q Can you tell me what this document is.

17 A This is a -- this is what I told I'd
18 send to Walter the next day in that last note, so
19 this is a draft. It's not complete. This is a
20 draft of the presentation to CMD.

21 Q And is that a presentation that you made
22 to the CMD?

23 A Yes.

24 Q And how did the final version differ
25 from the draft?

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1 LORIN BRASS, November 9th, 2006

2 A There's some, there's some charts near

3 the back that obviously aren't complete, 894, 895,
4 so -- plus I know he's -- yeah, other than that, I
5 couldn't be able to -- you know, the rest all
6 looked familiar, but there may have been some
7 minor edits here and there that got made for the
8 final presentation.

9 Q Now, was the CMD given copies of the
10 presentation, or was it just a visual
11 presentation?

12 A It was customary -- it was not customary
13 at that time to give them a copy of the
14 presentation before the meeting.

15 Q Did they get a copy of the presentation
16 after the meeting?

17 A They normally wouldn't. They're offered
18 one, but they normally wouldn't need one or
19 wouldn't take one.

20 Q Do you recall the CMD meeting where you
21 made this presentation?

22 A Yes.

23 Q What do you recall about that meeting?

24 A Well, having read the note, I think
25 everyone understood what the issues really were;

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1 LORIN BRASS, November 9th, 2006
2 therefore, it wasn't a -- it was a good
3 discussion, but there wasn't a large controversy,
4 et cetera, at the meeting. People appreciated
5 that there was a problem. They began to
6 understand the problem much better. They looked
7 for us to do all we can to, on the way forward, to
8 continue to improve upon the situation we're in
9 with reserves, so, you know, I would categorize it
10 as meaningful questions and meaningful discussion
11 around the topic at hand in a very business-like
12 manner.

13 Q Do you recall whether, prior to the
14 presentation to CMD, there was any concern
15 regarding Mr. Watts' reaction?

16 A Well, I was wondering a little bit what
17 the reaction might be myself, but -- and whenever
18 I wasn't as explicit as Walter wanted me to be, he
19 would chime in and make comments that were very

20 explicit about his views, and Mr. Watts
21 understood. There was discussion. There was
22 no -- there was no negative reactions.

23 Q Why were you wondering a little bit
24 about what their reaction might be prior to the
25 meeting, Mr. Watts' reaction might be prior to the
0357

1 LORIN BRASS, November 9th, 2006
2 meeting?

3 A Well, we've hit on the topic but haven't
4 really said it directly. It's this issue of the
5 bookings made in earlier years which now are not
6 available to be made. I'm not saying they were
7 erroneously made, but they were made earlier, and
8 hence when we are now spending the money and
9 signing the FIDs in some of these projects, we are
10 not able to book reserves. That's a fact, but I
11 was a bit curious how would the reaction be.

12 Q Is that because the bookings were made
13 when Mr. Watts was the head of EP?

14 A Some of them. Not all of them. Some
15 even preceded him, but some of them certainly
16 were.

17 Q Do you recall whether or not you ever
18 discussed your concern with Mr. Van der Vijver?

19 MR. CLARK: Objection.

20 THE WITNESS: I really don't recall.

21 BY MS. MARSHALL:

22 Q Do you recall whether or not you ever
23 discussed with anybody prior to the meeting
24 what -- whether they were concerned about what
25 Mr. Watts' reaction was going to be?
0358

1 LORIN BRASS, November 9th, 2006

2 A I guess there was curiosity in the
3 process as to how this meeting would go. I don't
4 remember any specifics, but it wasn't a new topic.
5 We had discussed this many, many times with Walter
6 and with ourselves about when these bookings were
7 made, and so it wasn't necessarily so focused on
8 this exact point in time, but there was curiosity
9 if there would be any kind of reaction.

10 Q Who expressed curiosity?

11 A I don't recall. In these preparations,
12 the same people we've just talked about were the
13 ones that were always working on the project.

14 Q And that would be Mr. Pay?

15 A The Johns -- John Bell, John Pay,
16 myself, et cetera.

17 Q Did Mr. Van der Vijver ever express
18 frustration that there had been so many bookings
19 in prior years?

20 A Yes.

21 Q When did he first express frustration?

22 A I don't recall.

23 Q Do you recall how he expressed his
24 frustration?

25 A I recall one example, and I forget the
0359

1 LORIN BRASS, November 9th, 2006
2 project that we were about to take FID on. It may
3 have been one of these that we talked about, but I
4 don't recall. And his question really is: When I
5 take this FID, how many reserves are we going to
6 book? And the answer was: None. They're already
7 booked. So -- and that wasn't the first, and
8 hence in that sequence of things then -- and again
9 this was earlier than now, obviously, so maybe six
10 months or so earlier or maybe even more, that's
11 when he started asking, well, give me a full
12 description now, because if I'm not certain what
13 we're going to book when we take FIDs, you know, I
14 want to know. I want to understand what's in the
15 Business Plan going forward that occurs now.

16 Q Did he ever express surprise when
17 informed that no bookings could be made in a
18 project that he was taking to FID?

19 A Can you do that one again.

20 Q Yeah, sure. Earlier you said that his
21 question was, "When I take this FID, how many
22 reserves are we going to book? And the answer
23 was: None. They're already booked." Did he
24 express surprise when you told him the reserves
25 had already been booked?

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1 LORIN BRASS, November 9th, 2006

2 A Yes.

3 Q And was it surprising to you that the
4 reserves had already been booked, or was that
5 something you were already aware of?

6 A I guess through the analysis we've done
7 and also looking back at the records, and
8 inconsistent with Anton's reviews, et cetera, yes,
9 we were aware that there was bookings prior to
10 taking FID. And of course, if we go back far
11 enough, that was part of our procedures. So even
12 though, while we're sitting in 2002 in a bit of
13 newer world when it comes to understanding of
14 Guidelines and Rules, it didn't necessarily
15 mean that -- didn't necessarily mean that the
16 bookings we had made in those prior years were
17 against those Rules and Guidelines. It's just
18 sitting in today, the frustration is they're not
19 there to be booked.

20 Q Do you know whether or not Mr. van der
21 Vijver ever expressed frustration to Mr. Watts
22 about this fact?

23 A Not, not -- no.

24 Q Now, during the CMD meeting I believe
25 you said that some things you didn't go into. I

0361

1 LORIN BRASS, November 9th, 2006
2 can find -- maybe I'll just ask you a different
3 question. Were you -- while you were making your
4 presentation, were you conscious of the fact that
5 Mr. Watts might be sensitive to some of the
6 information you were presenting because it
7 involved bookings that had been made while he was
8 the head of EP?

9 MR. CLARK: Objection to form.

10 MR. MORSE: Objection to form.

11 THE WITNESS: I think I sort of go back
12 to the statement I made earlier that, yeah, I had
13 a bit of question as to whether any of these,
14 particularly that chart, would cause any, any
15 reaction from Phil.

16 BY MS. MARSHALL:

17 Q Did you temper your -- was your
18 presentation at all affected by your questions as

19 to whether the chart would cause any reaction from
20 Phil?

21 A Well, certainly I would try not, but I
22 specifically remember in that account that Walter
23 picked up the baton at that point and made his own
24 statements, so whatever I might have said, if it
25 wasn't enough, then Walter, I know on that
0362

1 LORIN BRASS, November 9th, 2006
2 particular one -- and it was just again an
3 explanation to all the CMD colleagues about what
4 had happened, so he took over kind of the script
5 at that point.

6 Q Do you recall at what point you passed
7 the baton?

8 A He took it, but I specifically remember
9 him making comment on the chart where it showed
10 the historic bookings. I don't recall other times
11 like that. I guess I was sensitized to that
12 particular one a bit more, but he certainly
13 commented, as was very typical, commented
14 throughout the presentation when he had remarks to
15 make.

16 Q Did he express frustration during the
17 presentation about the historical bookings?

18 A As I recall, it was handled very
19 professionally, very business-like. It was not an
20 emotional discussion on his part or anyone else's.

21 Q Were there any questions from any of the
22 CMD members during the presentation that you can
23 recall?

24 A There were lots of questions, but, you
25 know, I don't -- I'm trying to think of an
0363

1 LORIN BRASS, November 9th, 2006
2 example, but I, I --

3 Q Maybe what we'll do is give you a copy
4 of the Minutes.

5 A Okay.

6 MS. MARSHALL: We'll mark this as
7 Exhibit 13 for identification. It's LON00031491
8 through 31521.

9 (Exhibit No. 13 was marked for

10 identification and attached to the deposition

11 transcript.)

12 BY MS. MARSHALL:

13 Q I'll direct you to Page 18 of the
14 Minutes, because I think that's the relevant
15 portion, and if I'm wrong, you can let me know.

16 A That certainly looks like the relevant
17 section.

18 Q If you want to take a minute and read it
19 through, that's fine. Why don't we give you a
20 minute to read it. We can go off the record.

21 THE VIDEOGRAPHER: We are going off the
22 record. The time is 3:58 p.m.

23 (Whereupon, a short recess was taken.)

24 THE VIDEOGRAPHER: We're back on the
25 record. The time is 4:10 p.m.

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1 LORIN BRASS, November 9th, 2006

2 BY MS. MARSHALL:

3 Q Did you have an opportunity to review
4 Page 18 of the exhibit before you?

5 A Yes.

6 Q Before we turn to the text of the page,
7 I just want to ask you a couple questions. If you
8 turn to the front of the page, there's a list of
9 who is present at the meeting: Mr. Watts, Mr. Van
10 der Vijver (sic), J. van der Vijver (sic), P.D.
11 Skinner, W. van der Veer -- I'm sorry. I should
12 put my glasses on. Mr. Watts, Mr. Van der Veer,
13 Mr. Skinner, Mr. Van der Vijver and Mr. Brinded,
14 and Ms. Boynton is listed as "in attendance." Do
15 you know why that was?

16 A Of course, Judy was our CFO, and she
17 attended routinely -- she attended CMD meetings
18 routinely.

19 Q Why was that?

20 A I would, I would have thought because
21 she was the CFO.

22 Q But she wasn't a member of the CMD?

23 A No.

24 Q Had you had any interaction with her
25 outside of the CMD meeting regarding the reserves

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2 issue?

3 MS. WICKHEM: Object to form.

4 THE WITNESS: No.

5 BY MS. MARSHALL:

6 Q If you go to the Page 18, it starts out
7 saying you entered the meeting, so I take it to
8 mean that you had not been present during any of
9 the prior agenda items; is that correct?

10 A Yes.

11 Q It says here that "he explained that
12 some of the main challenges facing EP in respect
13 of its reserves outlook related to securing
14 extensions of license periods, finding new
15 material investment opportunities, and in
16 developing a well-thought-through strategy on the
17 timing of booking reserves. For example, in 1966
18 (sic) it may have been preferable, instead of
19 booking all the reserves at once, to have booked
20 these over a longer period."

21 Do you recall giving this example?

22 MR. MORSE: Objection to form.

23 MR. CLARK: 1996.

24 MS. MARSHALL: 1996. Thank you.

25 MR. CLARK: It would be a really long

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2 period if it was 1966.

3 MS. MARSHALL: Yeah.

4 THE WITNESS: I recall -- I mean this
5 also links to the last sentence of Paragraph 2. I
6 recall the topic of the vastly unevenness in which
7 reserves get booked. As we've seen before, 1996
8 was a very large year. 1998 was another pretty
9 large year, and under the general principle or
10 thought that consistent performance over a long
11 period of time is sometimes better for a company's
12 profile than vast swings in any performance
13 category.

14 Now, what was the thinking behind these
15 words, and I was surprised actually when I
16 reviewed this document for the first time in this
17 process, that this whole topic of the bookings,

18 the lumpiness and strategy actually featured so
19 much, because it was really a very small portion
20 of the presentation and discussion, but
21 nonetheless, the process by which we develop our
22 Business Plan and decide which projects to work on
23 which lead to these bookings, as we described
24 earlier, is part of our annual process of
25 budgeting and business planning. And I mentioned
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2 earlier, too, that, generally speaking, we rank
3 projects on the basis of value, and I was saying
4 then other things flow from that.

5 And when you do it just on value, things
6 like this can occur. Then one year you're going
7 to have drilled wells that tremendously contribute
8 to Proved Reserves, and other years you're not.
9 The same on the revision side on your technical
10 resources, you can decide which projects they work
11 on, and again generally they're working on the
12 projects that have the highest value, and when
13 they get those projects done, reserves are booked,
14 and so the thought was that you can control both
15 those parameters if you were to want to. You can
16 control how you deploy your capital and how you
17 deploy your people, and perhaps you could think
18 about a different mix of how you choose projects.

19 Obviously, you're always going to look
20 at value, but as reserves had become more
21 important, perhaps you do want to feature projects
22 with different size reserves as you develop your
23 plan. So that was, that was the thought behind
24 these comments, that in addition to taking the
25 reserves as they come with the well, you could
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2 mix -- you could change the weighting of your
3 parameters by which you choose which projects to
4 work on, and therefore there's a possibility it
5 could result in a different timing of the
6 bookings.

7 BY MS. MARSHALL:

8 Q When the bookings had been made in 1996

9 through 1998, were those bookings made prior to
10 FID being reached in some cases?

11 A Yes, in some cases.

12 Q If that hadn't happened, would there
13 have been a more consistent booking through the
14 years?

15 MR. CLARK: Objection to form.

16 THE WITNESS: I don't know. I'd have to
17 go back and look at the specific projects in those
18 years.

19 BY MS. MARSHALL:

20 Q Was that a question you were ever asked
21 to look at?

22 A As to whether the prebookings amplified
23 the performance in '96 and '98, we looked at all
24 the, all these prebookings by -- prior bookings by
25 year. Those were all examined, so yes, they were,

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2 they were looked at.

3 Q Is it possible that if bookings were
4 made only after FID had been taken, that would
5 increase the likelihood of smoothing out the
6 booking profile?

7 A Not necessarily.

8 Q Is it possible?

9 MR. CLARK: Objection to form; asked and
10 answered.

11 THE WITNESS: If you were to do what I
12 said before and in your planning process consider
13 the size of reserves that go with projects, you
14 know, that would allow you to help smooth the
15 profile.

16 BY MS. MARSHALL:

17 Q When -- the statement is in the document
18 at the bottom of the last, second to the last
19 paragraph, the third paragraph; it says, "It was
20 also recognized that some booking practices had
21 been too aggressive in the past." Was that
22 recognized by the Committee during the meeting?

23 MS. WICKHEM: Object to the form.

24 THE WITNESS: Yeah, and I, I suppose,
25 you know, I would also not have recalled that we

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2 used those words, but perhaps there were those
3 words "being too aggressive." It was recognized
4 as, as per the discussion I had between Walter
5 also making a contribution to the discussion at
6 that point, so it was very clear from the charts,
7 you know, that there had been bookings made under
8 some different premise, Guidelines, et cetera,
9 which caused those bookings to be made prior to
10 FID and hence were not available for booking when
11 FIDs were taken now or in 2002/2003. That was
12 recognized.

13 BY MS. MARSHALL:

14 Q Was there discussion about whether the
15 Shell Guidelines were aligned with -- had been
16 consistently aligned with the SEC Rule regarding
17 proved bookings at the CMD meeting?

18 MR. CLARK: Objection to form.

19 THE WITNESS: Oh, I'd have to go back
20 and just refresh myself from the presentation, but
21 I'm nearly positive they were.

22 BY MS. MARSHALL:

23 Q If you look at the first sentence of
24 the -- the first sentence of the second paragraph
25 where it says, "With regard to when reserves could

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2 be booked, it was noted that the SEC was
3 tightening its requirements in this area."

4 A Yeah.

5 Q Was it your understanding that the SEC
6 was tightening its requirements, or was it your
7 understanding that the Shell Guidelines had not
8 been in compliance with the SEC Rule?

9 MR. CLARK: Objection to form.

10 THE WITNESS: It was my understanding
11 that definitely the second part of what you said
12 is true, that we bring our Shell Guidelines --
13 there was a gap between our Shell Guidelines and
14 the SEC Guidelines as to when to book reserves.
15 It was also my understanding that there was
16 further clarifications upon the SEC Guidance as to

17 booking and reserves.

18 BY MS. MARSHALL:

19 Q The statement that says "It is
20 considered unlikely that potential over-bookings
21 would need to be de-booked in the short term"; do
22 you know if that was something that CMD considered
23 during the meeting?

24 A I recall being asked the specific
25 question, "Do we need to de-book now?" And my
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2 response was along these lines, that given the
3 expert advice we have from the likes of Anton and
4 others, that we don't have to book (sic) now, but
5 if these discrepancies remain, like license
6 extensions issues, then de-bookings would have to
7 occur.

8 MR. CLARK: I think you're -- just an
9 issue on the record. I think he said -- and it
10 was correctly recorded -- that "we don't have to
11 book now." That may be what he meant, but I think
12 he meant "de-book."

13 THE WITNESS: Did I say "book"?

14 MR. CLARK: Yeah.

15 THE WITNESS: Sorry. De-book.

16 MS. MARSHALL: Yeah, I think that's
17 accurate.

18 BY MS. MARSHALL:

19 Q Do you recall who asked that question?

20 A My recollection is that it was Phil.

21 Q Do you recall any other specific
22 questions you were asked?

23 A This helped refresh some -- I know there
24 was a question about whether we had enough
25 technical expertise, for instance.

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2 Q Whose question was that?

3 A I don't recall.

4 Q Why was there a question about whether
5 or not EP had enough technical expertise?

6 A I think it was us having shared our
7 concerns and issues about reserves as being a

8 challenge for us. It seemed like a logical
9 question. Well, when you're faced with this
10 challenge, do you actually have enough capability
11 and expertise in your organization to rise to
12 improving upon this challenge?

13 Q Do you recall why it was explained to
14 you that the potential over-bookings would
15 unlikely be needed to be booked in the short term?

16 MR. CLARK: Objection; misstates prior
17 testimony.

18 THE WITNESS: As I said, when asked the
19 question "do they need to be de-booked now," my
20 answer was: As of July as we sit here in this
21 room, no. And I based that primarily on Anton's
22 reports which supported the bookings that we had
23 for the prior year.

24 BY MS. MARSHALL:

25 Q Why did Anton not think that you needed
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2 to de-book then?

3 MR. CLARK: Objection to form.

4 THE WITNESS: I think that the contents
5 of his rationale are listed in his report year on
6 year, each year.

7 BY MS. MARSHALL:

8 Q Did you speak with Anton prior to the
9 presentation that you made to the CMD?

10 A I don't recall.

11 Q Do you recall whether or not you had
12 ever specifically talked to him about whether or
13 not the potential over-bookings would need to be
14 de-booked in the short term?

15 A I don't recall specific conversation,
16 but again in his reports he's pretty explicit
17 about his views on each of the major issues we've
18 talked about, and he makes those comments in those
19 reports.

20 Q Had you had any conversations since the
21 SEC issued its clarification?

22 MR. CLARK: Objection to form.

23 THE WITNESS: Any conversation with,
24 with Anton?

25

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2 BY MS. MARSHALL:

3 Q Yes.

4 A I certainly had discussions with Anton.

5 I don't recall, you know, the timing.

6 Q Well, did he typically give you his
7 report in January of each year?

8 A Yes.

9 Q He had given you a report in January of
10 2002; is that correct?

11 A Yes.

12 Q You made this presentation in July of
13 2002; is that correct?

14 A Yes.

15 Q Do you recall what, if any, contact you
16 had with Mr. Barendregt between January 2002 and
17 the date of this presentation in July of 2002?

18 A I don't recall.

19 Q Do you recall what you considered the
20 "short term" to be in July of 2002?

21 A What -- again in combining both my own
22 thoughts and referencing Anton's documents as
23 well, I would have thought that if, for instance,
24 the license extension in Nigeria hadn't reached
25 some sort of resolutions in 2002, we would

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2 probably be -- I would be of the mind that the
3 de-bookings should start occurring in 2003.

4 Q Is that what happened?

5 A We got the license. It was agreed that
6 we had the license extension, so that issue went
7 away.

8 Q What about with Oman?

9 A We also got that license extension, but
10 not in 2002. I forget -- again we talked about
11 that earlier. It was a more recent time that we
12 got that license extension.

13 Q Well, in terms of the, all the potential
14 over-bookings taken generally, did you have a view
15 of what a short-term view was? Was it six months,

16 was it a year, was it two years?

17 A I suppose it would be, you know, after
18 we have done appropriate analysis to see if again
19 production profiles are now our best understanding
20 they can be, decline rates the best they can be.
21 For instance, options throughout license
22 extensions have been investigated to the best of
23 our ability, and if all those have led to a
24 situation where there still seems to be no
25 evidence that we can resolve this, at that point

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2 in time we'd be de-booking.

3 Q Was there a timetable put in place for
4 those investigations to be made or completed?

5 A Well, there was -- I don't recall a
6 timetable. There was a sense of urgency around
7 the topic, and so there was strong encouragement
8 to work with diligence to come to our conclusions.

9 Q Were you given any deadlines?

10 A The only deadline that comes to mind was
11 again with the PDO team, and they were given a
12 very specific deadline and a project timeline.

13 Q Do you recall what the deadline was?

14 A No, I don't.

15 Q Do you recall whether they met the
16 deadline?

17 A Yes, within a very tight window, a short
18 time after that, they did achieve their goal.

19 Q And what was their goal?

20 A The license extension.

21 Q Do you know why -- are you aware that
22 there were reserves from Oman that were ultimately
23 restated as a result of the recategorization?

24 A Yes.

25 Q And why, why did that happen?

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2 MR. CLARK: Objection to form.

3 THE WITNESS: I don't know.

4 MS. MARSHALL: I'm going to show you a
5 document which we'll mark as Exhibit Number 14.
6 It bears Bates numbers V00230920 through 924.

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

10 THE WITNESS: Okay.

11 BY MS. MARSHALL:

12 Q Do you recognize this document?

13 A Yes.

14 Q Can you explain what it is.

15 A It's a response to a question that
16 Walter has asked, and those are the two listed on
17 top of the second page. And John Pay has provided
18 answers to these questions, which I then forwarded
19 to Walter.

20 Q And were his questions the two questions
21 that are listed at the top of the Note For
22 Information that is Bates V00230921?

23 A We don't have -- well, you either ask me
24 these questions verbally or we don't have the
25 e-mail in which he asked them, but I'm reasonably

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2 sure these are the two questions he asked.

3 Q Do you recall whether or not you had any
4 conversations with Mr. Van der Vijver concerning
5 any questions that were posed and answered in the
6 note?

7 A No.

8 Q Did you have any involvement in
9 preparing the answers to these questions?

10 A No. I would have passed these directly
11 over to John, and, you know, I may have made a
12 minor edit to his note, but I doubt that I did. I
13 think I just accepted his response, read it,
14 reviewed it and then sent it on to Walter.

15 MS. MARSHALL: I'm going to show you a
16 document which we'll mark as Exhibit 15 for
17 identification.

18 (Exhibit No. 15 was marked for
19 identification and attached to the deposition
20 transcript.)

21 THE WITNESS: Okay.

22 BY MS. MARSHALL:

23 Q Do you recognize this document?

24 A I did after I looked at it for a while.

25 Q What do you remember about this

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2 document?

3 A Well, we -- I now realize what was
4 happening is that the note we had sent that we
5 just reviewed, which is Exhibit 14, was our
6 preliminary answer to his questions which I sent
7 to him before he was actually going on a trip and
8 mentioned to him we'd be doing some further work.
9 This is the further work that had been done.

10 Q And who was involved in doing the
11 further work?

12 A John Pay.

13 Q I see that you've cc'd this document to
14 Ceri Powell. Who is that?

15 A That's Ceri Powell.

16 Q Ceri Powell?

17 A She was Walter's -- I'll use the word
18 "assistant," but that's not accurate. She was a
19 technical professional that Walter had reporting
20 to him, to do a lot of help with the work he had,
21 that was help that a secretary couldn't do but yet
22 wouldn't require him to do, so she helped with a
23 lot of the routine sorting of information and
24 coordination and all kinds of things.

25 Q And what was Malcolm Harper's role at

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2 that time?

3 A He had replaced John Bell.

4 Q If you look at Page 2 of the Note For
5 Information, it says on the third paragraph from
6 the bottom, it says, "In 1999 and 2000, actual
7 performance was just above a hundred percent, but
8 these years would have fared considerably worse if
9 pre-FID bookings had been deferred, reducing to 50
10 and 70 percent respectively."

11 What is meant by the term "actual
12 performance"?

13 A Oh, that doesn't strike me in the first
14 instance as being correct, but I see it's the same

15 way in both documents. I'm assuming, since he's
16 talking about Reserve Replacement Ratio, the
17 hundred percent is a Reserve Replacement Ratio
18 number, but we know very well that our performance
19 in those years weren't a hundred percent, so I'm
20 trying to quickly figure out what that means.

21 I'm sorry. I just can't piece it
22 together.

23 Q Well, does the actual performance have a
24 standard meaning within a company?

25 A Well, I would have, I would have thought
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2 certainly that it means the, the actual numbers
3 for those years, the actual performance.

4 Q Meaning the actual Reserve Replacement
5 Ratio?

6 A Yeah. Now, a quick thought came to mind
7 whether -- I think he says earlier that this is
8 all organic, so again I'd have to go back -- in
9 1999 we noted, when we talked earlier, that there
10 were -- you know, if you back out the divestments,
11 the number shot up quite a bit, so it's possible
12 that could then justify or reconcile the hundred
13 percent. Maybe something like that is actually
14 true of 2000 as well, as you back out divestments,
15 but I don't recall there being a lot of
16 divestments in 2000.

17 Q And in terms of the projects that were
18 included in this note, who made the decision
19 regarding which projects would qualify as projects
20 that were booked prior to FID?

21 A Well, John did all the leg work for the
22 note himself, so he would have been the person
23 doing that.

24 Q Do you know whether or not this note was
25 forwarded to the ExCom committee?
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2 A No, I don't know.

3 Q Do you know whether it was forwarded to
4 anybody than those individuals listed on your "to"
5 line and the "CC" line?

6 A No, I don't.

7 MS. MARSHALL: I'm going to show you a
8 document which we'll mark as Exhibit 16 for
9 identification.

10 (Exhibit No. 16 was marked for
11 identification and attached to the deposition
12 transcript.)

13 THE WITNESS: Do you want me to review
14 it thoroughly, or --

15 BY MS. MARSHALL:

16 Q No, not -- if I want you to review
17 anything in particular thoroughly, I'll let you
18 know, but if you could just review it long enough
19 such that you could identify the document, that
20 would be fine.

21 A Okay, thanks.

22 Okay.

23 Q Do you recognize this document?

24 A Yes.

25 Q What do you recognize it to be?

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2 A In the, in the effort to overall improve
3 the process by which we make decisions and book
4 reserves, we had commissioned John to develop a
5 more rigorous process. This is a description of
6 the process, a summary of this process first, and
7 then a detailed description of the proposed new
8 process.

9 Q Was this note submitted to ExCom?

10 A Yes.

11 Q Do you recall whether or not a
12 presentation was made to ExCom regarding the
13 subject matter of the note?

14 A No, I don't recall.

15 Q Was this note done at anybody's
16 direction?

17 A Well, I forget the precise timing and
18 request, but yes, there was -- I think it was
19 EPB's view, our own view, to propose a more
20 rigorous process on the basis of all the things we
21 started to see in reserves, and therefore we did
22 that. I don't think it was a request from Walter

23 or one of the ExCom members. I think it's
24 something we could see the need for and simply put
25 it together.

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2 Q If you turn to the second page, on Page
3 2 it says, on the bottom of this document, which
4 is Bates Number 1199 at the end.

5 A 99? Okay.

6 Q Yeah. It says under -- "Potential
7 Reserves Exposure Catalogue" under Item 1e is the
8 title. It says, "An inventory of potential
9 exposure (reserves at risk of de-booking) will be
10 reviewed at least annually at ExCom with actions
11 being agreed."

12 What had been the practice prior to
13 this?

14 A Well, before we started -- in this
15 regard, I assume, the exposure category?

16 Q Yes.

17 A Before we start the seeing these
18 exposures in this process, I don't really -- that
19 would have been before 2000, so I would not have
20 known there to be one, but I was not aware that
21 there was such a catalogue in the prior version,
22 the prior style of doing things.

23 Q What had been the style of doing things
24 between 2000 and October of 2002?

25 A Yes. We, of course, then began to have

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2 that, uh, that catalogue. It was probably not
3 shared with the ExCom and wasn't shared at the,
4 you know, at the, at necessarily any frequency
5 with the ExCom, but we did start to carry that
6 same exposure list that we've seen a few times
7 today. I'm trying to remember the first time, but
8 I think it was in 2001 we started publishing that,
9 and all we're doing here is taking that same
10 concept, that same idea, that if there are those
11 exposures, we'd be sure to show those to ExCom at
12 least annually.

13 MR. CLARK: Ms. Marshall, it's two

14 minutes to 5:00. Are you close to wrapping up,
15 because the witness needs to leave.

16 MS. MARSHALL: No, I have some more
17 questions.

18 MR. CLARK: All right. Well, he has to
19 go. We need to go. He needs to go. This is the
20 second day of the deposition. He has to leave at
21 5:00.

22 MS. MARSHALL: Yesterday I asked you
23 whether or not we were going to have a full day
24 today, and you said yes, and I said good, because
25 if that's the case, then I'm happy to end at

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2 5:00 today. I assume yesterday he had a plane
3 reservation. You did not tell me about it until
4 this morning.

5 MR. CLARK: Ms. Marshall --

6 MS. MARSHALL: I have made every effort
7 to complete the deposition as quickly as possible.

8 MR. CLARK: Okay. Well, the deposition
9 is going to be over in two minutes, so I suggest
10 you wrap up.

11 MS. MARSHALL: Well, we are going to
12 take issue with that.

13 MR. CLARK: Be my guest.

14 MS. MARSHALL: Because I have not
15 completed my questions.

16 MR. CLARK: You had two days, far in
17 excess of seven hours, and arguing with me about
18 it is just wasting more time that you can ask
19 questions.

20 MS. MARSHALL: I just want to put on the
21 record that I did not learn that the witness
22 needed to leave at 5:00 until today. You did not
23 mention that yesterday. Had you mentioned it
24 yesterday, I would have gone longer.

25 MR. CLARK: It's on the record.

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2 BY MS. MARSHALL:

3 Q Mr. Brass, were you aware yesterday that
4 you had a plane reservation at 5:00 today, I mean

5 at 6:15 today?

6 A Yes.

7 Q Was your counsel aware of that
8 yesterday?

9 MR. CLARK: Just so it's clear on the
10 record, I think Mr. Ferrara and I discussed it in
11 your presence yesterday.

12 MS. MARSHALL: You certainly did not.

13 MR. CLARK: All right.

14 MR. MORSE: I heard them discuss it.

15 MS. MARSHALL: It was not discussed with
16 me.

17 MR. CLARK: Okay. Fine, Caroline.
18 That's fine. Are you done?

19 MS. MARSHALL: No, I'm not.

20 MR. CLARK: Okay.

21 BY MS. MARSHALL:

22 Q Do you know whether or not this
23 catalogue was shared with the External Auditors?

24 A The External Auditors? I don't know.

25 Q Was there any discussion about whether
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2 or not this catalogue should be shared with the
3 External Auditors?

4 A I don't recall.

5 Q Do you know who had access to this
6 exposure catalogue?

7 A Well, of course, all those in my
8 organization that worked on the list itself had
9 access to it. I had access to it. Certainly the
10 CFO and E&P had access to it, and all the ExCom.
11 Of course, CMD has now seen it a time or two as
12 well.

13 MR. CLARK: I want to confer with
14 Mr. Brass for a second.

15 MS. MARSHALL: Sure.

16 (Discussion was held off the record.).

17 BY MS. MARSHALL:

18 Q Mr. Brass, with respect to the Item
19 Number 1f under "Scorecards," it says, "Within the
20 Group there are mixed opinions on the inclusion of
21 Proved Reserves Additions on OU scorecards. On

22 the one" -- oh, I'm sorry.

23 (Discussion off the record.)

24 THE WITNESS: I'm on the page with you.

25

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2 BY MS. MARSHALL:

3 Q Okay, thanks.

4 A What paragraph are you on?

5 MR. CLARK: Counsel is not, though, so
6 what exhibit are we talking about?

7 MS. MARSHALL: The exhibit that we were
8 just talking about, which is Number 16.

9 MR. CLARK: What section of 16 are we
10 talking about?

11 THE WITNESS: Page 8 of the document.

12 BY MS. MARSHALL:

13 Q It's Page 2 of the note, which is Bates
14 ending 1199. We're all on different pages.

15 A Okay, I've got you now. Page 2.

16 Q Item Number 1f.

17 A Yes.

18 Q Under "Scorecards" where it says,
19 "Within the Group there are mixed opinions on the
20 inclusion of Proved Reserves Additions on OU
21 scorecards. On the one hand it is seen to affect
22 objectivity in reporting; on the other it is seen
23 as a key means by which appropriate focus is
24 maintained on this important business performance
25 parameter."

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2 Do you recall who expressed the view
3 that the inclusion of Proved Reserves Additions on
4 scorecards was seen to affect objectivity in
5 reporting?

6 A No.

7 Q If you turn to Page 8 --

8 A Okay.

9 Q -- the Item, the full page underneath 1f
10 involving scorecards, do you recall any
11 conversations regarding this page of this
12 document?

13 A Sorry. I was now reading it. Just if
14 you could quickly repeat that question, I'd
15 appreciate it.

16 Q Sure. Do you recall any conversations
17 regarding this page of this document?

18 A I guess not specific to this meeting. I
19 think I commented earlier that the discussions
20 have ranged along the lines that the summary did,
21 that some felt it was a very important business
22 parameter and the other felt that it could, uh,
23 could be, as this note says or uses the words,
24 "affect objectivity" of the staff.

25 MS. MARSHALL: Okay. I'm going to show
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1 LORIN BRASS, November 9th, 2006
2 you one more document. I have one question on it.
3 It's just one sentence I'm going to ask you to
4 read. We'll mark it as Document Number 17. It's
5 Bates Number V00082175 through 177.

6 (Exhibit No. 17 was marked for
7 identification and attached to the deposition
8 transcript.)

9 BY MS. MARSHALL:

10 Q This appears to be an e-mail exchange
11 that you were copied on.

12 A Right.

13 Q I'm not going to ask you if you remember
14 everything about it, but if you turn to the last
15 page of the exhibit, there's an e-mail from
16 Mr. Van der Vijver to Mr. Pay, and you and
17 Mr. Harper are copied, and it says -- there's a
18 question. "How much of the historic bookings
19 (both aggressive/early) that constrain our proved
20 reserves booking in 2001 through 2005 are related
21 to 'leadership behavior' and how much are they
22 related to new SEC rules/scrutiny introduced in
23 early 2001?"

24 Did you have any understanding of what
25 leadership behavior -- what Mr. Van der Vijver

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1 LORIN BRASS, November 9th, 2006
2 was, meant when he wrote "leadership behavior"?

3 A No. I sort of pride myself in

4 understanding all of Walter's names for things,
5 but I recall seeing this note and I also recall
6 seeing John's response, and it appeared as if John
7 understood what he was talking about, but I
8 remember it then, I remember it now. I never
9 understood.

10 Q Fair enough. Do you -- quickly going
11 back to -- you said something with respect to the
12 Nigeria license extension issue was resolved. Do
13 you recall how it was resolved?

14 A It was as a result of an opinion from
15 our Legal that if we are indeed paying our rents
16 and royalties and doing everything that we should
17 be doing to the leases, that actually the license
18 extends and there is no fixed deadline.

19 Q Do you recall if that opinion came from
20 an internal, from an internal Legal Department or
21 from an outside law firm?

22 MR. CLARK: Objection to form.

23 THE WITNESS: I don't know.

24 MS. MARSHALL: Okay. I have nothing
25 further.

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1 LORIN BRASS, November 9th, 2006

2 THE VIDEOGRAPHER: This marks the end of
3 the deposition of Mr. Brass. The total number of
4 tapes used today was three. We are going off the
5 the record. The time is 5:10 p.m.

6 (Signature having not been waived,
7 Volume II of the videotaped deposition of LORIN
8 BRASS was concluded at 5:10 p.m.)

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1 LORIN BRASS, November 9th, 2006

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4 ACKNOWLEDGEMENT OF WITNESS

5

6 I, LORIN BRASS, do hereby acknowledge
7 that I have read and examined the foregoing
8 testimony, and the same is a true, correct and
9 complete transcription of the testimony given by
10 me, and any corrections appear on the attached
11 Errata sheet signed by me.

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1 LORIN BRASS, November 9th, 2006

2 E R R A T A S H E E T

3 IN RE: ROYAL DUTCH/SHELL SECURITIES LITIGATION

4 RETURN BY:

5 PAGE LINE CORRECTION AND REASON

6	_____	_____	_____
7	_____	_____	_____
8	_____	_____	_____
9	_____	_____	_____
10	_____	_____	_____
11	_____	_____	_____