

Part 7

14:03:12 1

RODNEY SIDLE

14:03:14 2

cut off, but I believe it states, "I have

14:03:16 3

continued to talk with the Angola team and

14:03:18 4

provide guidance on the approach you outlined

14:03:23 5

for them for booking proved reserves."

14:03:25 6

Could you describe for me, as best

14:03:29 7

you can recall, the approach that you are

14:03:31 8

referencing in this sentence?

14:03:33 9

A. Yes. I believe it was what we saw

14:03:36 10

on the prior document, about trying to limit the

14:03:41 11

portion of Angola Block 18 that they would

14:03:44 12

identify as technically mature to a smaller

14:03:48 13

region than the entire field. Or several

14:03:49 14

fields, actually.

14:03:52 15

Q. What was referred to in the other

14:03:53 16

document is the cherry-picked development?

14:03:55 17

A. Yes. Yes, that's right.

14:03:59 18

Q. The next sentence states: "It

14:04:03 19

appears their situation is that they need all

14:04:05 20

expected volumes just to meet economic hurdles

14:04:09 21

for even a minimal development scheme."

14:04:12 22

Could you please explain for me what

14:04:14 23

it was that you were attempting to convey in

14:04:15 24

that sentence, sir?

25

A. Yes. In my discussions with them to

14:04:18 1 RODNEY SIDLE
14:04:21 2 help them understand the guidance that Anton
14:04:24 3 gave them, we had a conversation about their
14:04:29 4 progress in doing the, quote, "cherry-picking,"
14:04:32 5 and the comment was made to me, which I relayed
14:04:36 6 back to Anton, that it appeared that the volumes
14:04:39 7 that would qualify to be technically mature
14:04:42 8 within this cherry-picked area seemed small
14:04:44 9 enough it would be difficult for them to meet
14:04:46 10 the economic hurdles. However, final work
14:04:48 11 hadn't been done, so they would need to finish
14:04:51 12 their technical work, come up with exactly what
14:04:53 13 volume that was, and then complete it before we
14:04:58 14 would have a conclusive answer.

14:04:59 15 Q. If you could, sir, I would like to
14:05:01 16 direct your attention to the following page of
14:05:04 17 the document.

14:05:04 18 A. Mm-hmm.

14:05:06 19 Q. And as noted previously, this is a
14:05:13 20 January 17, 2001 version of Angola Block 18
14:05:17 21 initial reserves booking, group reserves auditor
14:05:19 22 comments.

14:05:21 23 Do you have any idea, sir, whether
14:05:23 24 or not this is the final version of this
25 document?

14:05:26 1

RODNEY SIDLE

14:05:33 2

A. No, I don't.

14:05:38 3

14:05:41 4

14:05:43 5

Q. Do you recall if you saw, regardless of whether or not this is it, the final version of this document?

14:05:45 6

A. No, I don't recall.

14:05:47 7

14:05:51 8

Q. Do you recall if you saw various drafts or iterations of this document?

14:05:52 9

14:05:53 10

MR. SMITH: Objection to the form and foundation.

14:06:06 11

14:06:10 12

A. At that time I don't recall whether I saw this in early or later forms, or not.

14:06:22 13

14:06:32 14

14:06:37 15

14:06:43 16

14:06:47 17

14:06:51 18

14:06:56 19

Q. I would like to direct your attention to the second half of the document. There are numbered paragraphs. Number 2 states: "The," quote, "'high confidence areas' defined by SDS may not all fulfill the stringent requirements for defining 'proved areas' as used by SEPCO (Ref. 2)."

14:07:00 20

14:07:07 21

14:07:12 22

14:07:13 23

14:07:18 24

25

Is that statement consistent with your recollection of your review of the Angola Block 18 reserves team work?

A. Well, there's a problem of timing here that makes it difficult to answer that, because I saw the work in its work in progress

14:07:26 1

RODNEY SIDLE

14:07:28 2

preliminary stages, and the comments that are

14:07:34 3

being made here are -- are written at a time

14:07:36 4

subsequent to that, perhaps based on the work

14:07:39 5

that Anton saw in December, where I was not

14:07:40 6

present.

14:07:45 7

So it is correct to note that the

14:07:48 8

statement you made continues, "this should be

14:07:50 9

verified in due course."

14:07:54 10

Work was ongoing when I saw it to do

14:08:01 11

that verification, to limit the extent of the

14:08:05 12

cherry-picked area to that that was in

14:08:08 13

compliance with SEC regulations, Shell

14:08:10 14

regulations, for high confidence. At what point

14:08:12 15

that was concluded, I don't know.

14:08:19 16

Q. Do you know why this document

14:08:27 17

references SEPCO's requirements concerning

14:08:30 18

proved areas, as opposed to the group

14:08:31 19

guidelines?

14:08:32 20

A. Yes, I do.

14:08:34 21

Q. Okay. And could you explain that?

14:08:36 22

A. The technique that SEPCO had

14:08:40 23

developed for use of high-quality calibrated

14:08:44 24

seismic to define proved area was one approach

25

that was being considered by the Angola Block 18

14:08:50 1

RODNEY SIDLE

14:08:58 2

team. So we had the SEPCO geologists and

14:08:59 3

geophysicists familiar with that technique

14:09:04 4

explain to the Angola Block 18 team what

14:09:08 5

criteria were needed to analyze their data to

14:09:11 6

determine if it was of a high-quality and high

14:09:14 7

reliability, such that it would have met the

14:09:17 8

SEPCO requirements. Because at that time there

14:09:20 9

were no group requirements of the detail and of

14:09:23 10

the nature that related to use of seismic.

14:09:27 11

Q. Just so I'm clear. This relates to

14:09:30 12

the use of seismic data that we discussed

14:09:34 13

previously in connection with the two SEC

14:09:37 14

engineers, or that was the subject of discussion

14:09:39 15

with the two SEC engineers at some point?

14:09:40 16

A. That's correct. For lowest known

14:09:41 17

hydrocarbon purposes. Yes.

14:09:44 18

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

14:09:49 19

to turn to the next page in the document. Now I

14:09:53 20

will note that there is a series of e-mails here

14:09:57 21

in which you are indicated neither as the author

14:10:02 22

or recipient, or cc. Do you recall if you've

14:10:05 23

ever seen this series of e-mails?

14:10:07 24

A. No, I've never seen them before.

25

Q. Okay.

14:10:14 1

RODNEY SIDLE

14:10:20 2

MR. SMITH: Are you finished with

14:10:20 3

this document?

14:10:21 4

MR. MacFALL: We're done with this

14:10:23 5

document. I'm sorry.

14:10:23 6

MR. SMITH: Are you finished with

14:10:24 7

this document?

14:10:24 8

MR. MacFALL: I am.

14:10:25 9

MR. SMITH: I didn't want to

14:10:26 10

interrupt your questioning, but I wanted to

14:10:27 11

note something for the record.

14:10:28 12

MR. MacFALL: Sure.

14:10:28 13

MR. SMITH: The first page of this

14:10:29 14

document, that's my handwriting.

14:10:30 15

MR. MacFALL: Okay.

14:10:31 16

MR. SMITH: It should not have been

14:10:33 17

produced. And we will send you a letter in

14:10:35 18

due course requesting to have it returned,

14:10:36 19

under the terms of the protective order in

14:10:38 20

the case. Okay?

14:10:43 21

MR. MacFALL: That's fine with me.

14:10:44 22

Thank you for identifying the handwriting.

14:10:45 23

MR. SMITH: I'll save you a few

14:11:39 24

questions down the road.

25

1 RODNEY SIDLE

2 (Sidle Exhibit 20, e-mail, two
3 pages, with attachment headed Bonga
4 Southwest Combined VAR 1 & 2 - Project
5 Initiation, Identification & Feasibility
6 Terms of Reference, was marked for
14:11:40 7 identification.)

14:11:40 8

14:11:41 9 BY MR. MacFALL:

14:11:46 10 Q. Mr. Sidle, you've just been handed a
14:11:48 11 document that has been marked as Sidle
14:11:51 12 Exhibit 20 for identification. I would ask you
14:11:53 13 to take a look at it, sir, and tell me if you
14:11:57 14 recognize it.

14:13:16 15 (Witness reviewing document.)

14:13:17 16 A. All right. I've seen it.

14:13:18 17 Q. Do you recognize the document, sir?

14:13:20 18 A. Yes. I've seen this before.

14:13:22 19 Q. For the record, the document is an
14:13:27 20 e-mail with attachment from Norman Read to
14:13:29 21 various individuals, including yourself, dated
14:13:33 22 September 6, 2001. The subject is Bonga
14:13:42 23 Southwest VAR 1-2, Houston 10 to 13 September
14:13:43 24 2001.

25 Mr. Sidle, did you participate in a

14:13:46 1

RODNEY SIDLE

14:13:49 2

value assurance review in connection with Bonga

14:13:50 3

Southwest?

14:13:50 4

A. Yes, I did.

14:13:53 5

Q. What was your role in that review?

14:13:57 6

A. I was part of the review team, and I

14:13:59 7

represented the reservoir engineering

14:13:59 8

discipline.

14:14:06 9

Q. Did you undertake any actions in

14:14:09 10

connection with your role as part of the value

14:14:10 11

assurance review team?

14:14:15 12

A. The actions I undertook were to

14:14:17 13

participate with the team in reviewing the

14:14:21 14

technical -- the information that was presented

14:14:26 15

by the Bonga Southwest field team, ask questions

14:14:31 16

of that to be able to ascertain the issues that

14:14:35 17

we're charged to deal with in the terms of

14:14:38 18

reference, and then work with the team, feed it

14:14:41 19

back to Bonga Southwest and their managers what

14:14:45 20

our assessment was, and the maturity of the

14:14:47 21

project, in other words, whether they had

14:14:51 22

satisfied the criteria for a VAR 1, VAR 2, or

14:14:56 23

had not.

14:14:57 24

Q. Do you recall where the Bonga

25

Southwest field team was located?

14:15:00 1

RODNEY SIDLE

14:15:04 2

A. We had our meetings in Houston.

14:15:09 3

Q. Do you recall if there were members

14:15:12 4

of SDS on that Bonga Southwest field team?

14:15:15 5

A. Could you say it again?

14:15:17 6

Q. I'm sorry. Were members -- were

14:15:21 7

individuals employed by SDS, Shell Deepwater

14:15:24 8

Services, part of the Bonga Southwest field

14:15:25 9

team?

14:15:26 10

A. Field team. Yes, I believe they

14:15:27 11

were.

14:15:33 12

Q. Are you familiar with what work SDS,

14:15:36 13

if any, did in connection with Bonga Southwest?

14:15:40 14

A. Only in a very general way; that

14:15:43 15

they assisted by bringing expertise in deepwater

14:15:45 16

development to the team.

14:15:56 17

Q. Can you identify the members of the

14:16:13 18

Bonga Southwest field team? Do you recall?

14:16:20 19

If it helps, in the -- if I can get

14:16:20 20

you there.

14:16:22 21

A. You're referring to the field team

14:16:24 22

rather than the review or VAR team.

14:16:25 23

Q. Right. The fifth page of the

14:16:26 24

document contains the VAR --

25

A. I'm sorry?

14:16:27 1

RODNEY SIDLE

14:16:29 2

Q. I'm sorry. We're speaking over each

14:16:30 3

other. The fifth page of the document

14:16:32 4

identifies members of the VAR team.

14:16:32 5

A. Right.

14:16:36 6

Q. Was the field team a subset of the

14:16:38 7

VAR team? No?

14:16:39 8

A. There was -- no, not at all.

14:16:40 9

Q. Okay.

14:16:41 10

A. This was the team that did the

14:16:46 11

review, so we were the outside experts within

14:16:49 12

the areas noted that were not associated with

14:16:52 13

the project, who reviewed the work that the

14:16:54 14

field team, the team that was working on the

14:16:57 15

project, presented to us.

14:17:01 16

On the second page of this exhibit

14:17:07 17

you'll see an agenda, and at the end of what

14:17:11 18

appears to be a time and a topic there are

14:17:13 19

names. I don't remember exactly the names, but

14:17:16 20

I do associate certain of these names with

14:17:18 21

people who I recall to be presenting on behalf

14:17:20 22

of the field team.

14:17:30 23

Q. One of the names shown there is

14:17:35 24

Charles Shotton. He's identified as being with

25

SNEPCO. Do you recall if he was on the team?

14:17:39 1

RODNEY SIDLE

14:17:41 2

A. I don't recall.

14:17:43 3

14:17:49 4

14:17:51 5

14:17:51 6

Q. Actually, instead of going through them, is there anybody who you specifically recall being on the Bonga Southwest field team in that list?

14:17:54 7

14:17:54 8

14:17:55 9

14:17:55 10

A. No. These are the people that presented the information to us. And again, exactly what affiliation they had at that time, I don't know.

14:18:09 11

14:18:16 12

14:18:18 13

14:18:19 14

Q. Okay. Fair enough. If I could ask you to just turn to the fifth page of that exhibit, sir, where it identifies the members of the VAR team.

14:18:21 15

14:18:23 16

14:18:31 17

14:18:35 18

14:18:37 19

14:18:39 20

14:18:41 21

14:18:43 22

14:18:49 23

14:18:58 24

25

A. All right.

Q. And it lists yourself, among several others. The first individual shown is Norman Read. It says, "(lead, engineering and project management, SIEP.)"

The reference to lead, does that mean he led the VAR team?

A. Yes.

Q. There are various disciplines shown here. One of them is petrophysics, Justin Freeman, SEPTAR. Can you describe, if you know,

14:19:01 1

RODNEY SIDLE

14:19:06 2

Mr. Freeman's role in the VAR process?

14:19:09 3

A. Yes. He was a specialist in the

14:19:15 4

subsurface science of making down-hole

14:19:19 5

measurements using well logs, using core data,

14:19:22 6

and interpreting those measurements to ascertain

14:19:25 7

the conditions of and presence of oil and gas in

14:19:28 8

the ground.

14:19:32 9

Q. Am I correct that he underutilized

14:19:34 10

that expertise in connection with this

14:19:35 11

particular review?

14:19:36 12

A. Yes.

14:19:46 13

Q. Thank you. You can put that aside,

14:19:46 14

sir.

14:19:49 15

A. Can we take just a very quick break?

14:19:50 16

Q. Oh, absolutely.

14:19:51 17

VIDEOGRAPHER: The time is now

14:20:26 18

2:19 p.m. Off the record.

19

14:27:45 20

(Recess.)

14:27:45 21

14:27:50 22

VIDEOGRAPHER: The time is now

14:27:53 23

2:27 p.m. Back on the record.

24

25

(Sidle Exhibit 21, e-mail dated

1 RODNEY SIDLE

2 September 12, 2001, was marked for
3 identification.)

14:27:54 4 ---

14:27:54 5 BY MR. MacFALL:

14:27:55 6 Q. Mr. Sidle, you've just been handed
14:27:58 7 during the break a document marked as Sidle
14:28:00 8 Exhibit 21 for identification. I would ask you
14:28:02 9 to take a look at that, sir, and tell me if you
14:28:04 10 recognize it.

14:28:08 11 A. Yes, I recognize it.

14:28:10 12 Q. For the record, it's an e-mail from
14:28:13 13 John Church addressed to several individuals,
14:28:16 14 including yourself, dated September 12, 2001.
14:28:18 15 The subject is Brazil reserves.

14:28:19 16 Could you please identify Mr. Church
14:28:22 17 for me?

14:28:23 18 A. Other than the fact that he's the
14:28:26 19 author of the e-mail, I -- I'm not familiar with
14:28:28 20 what part of the organization he's with.

14:28:36 21 Q. The e-mail addresses the booking of
14:28:41 22 reserves in Brazil. Do you recall if you were
14:28:46 23 involved with the booking of proved reserves in
14:28:48 24 Shell Brazil?

25 A. Not at the time of this e-mail, or

14:29:00 1

RODNEY SIDLE

14:29:04 2

for the field of BS-4. No, I was not involved

14:29:06 3

with booking those. I participated in technical

14:29:10 4

discussions about BS-4.

14:29:14 5

Q. That participation, did it occur at

14:29:17 6

or about the time of this e-mail?

14:29:19 7

A. It seems about right. I don't

14:29:20 8

recall exactly when it occurred.

14:29:23 9

Q. Could you describe for me,

14:29:26 10

generally, or summarize the nature of your

14:29:28 11

technical discussions in connection with this

14:29:30 12

particular field?

14:29:34 13

A. Yes. This was a time when BS-4 was

14:29:40 14

being evaluated for possible development, and I

14:29:45 15

was part of a team that looked at the status of

14:29:48 16

the technical work and gave them recommendations

14:29:50 17

for what additional technical work they would

14:29:54 18

need to do to develop a confidence in the

14:29:58 19

project, such that an investment could be made.

14:30:02 20

Q. There's a reference here to, and by

14:30:04 21

"here" I mean in the document to SDS. Do you

14:30:06 22

recall if SDS performed the technical work that

14:30:07 23

you reviewed?

14:30:08 24

A. I don't recall. No.

25

Q. Was Brazil -- withdrawn.

14:30:12 1

RODNEY SIDLE

14:30:20 2

Was BS-4 a field within SEPCO? I

14:30:22 3

realize it's Brazil, but was that part of SEPCO?

14:30:25 4

A. Well, SEPCO is just US. Now, in our

14:30:34 5

Houston operation, the -- when the EPW, or the

14:30:38 6

Americas region was put in place, then the

14:30:43 7

responsibilities for other Shell EP businesses

14:30:48 8

within the western hemisphere came under the

14:30:55 9

purview of staff in Houston. I don't

14:30:56 10

remember -- I don't remember exactly at this

14:30:59 11

time whether that would have occurred yet or

14:30:59 12

not.

14:31:02 13

Q. Do you recall if BS-4 was a

14:31:03 14

deepwater project?

14:31:04 15

A. Yes. Yes, it was.

14:31:09 16

Q. Did you do any other work in

14:31:11 17

connection with Brazil?

14:31:13 18

A. During what time frame?

14:31:16 19

Q. 1999 to 2004.

14:31:30 20

A. Yes. There was other fields -- '99

14:31:32 21

to 2004 that I worked at in Brazil. I mentioned

14:31:36 22

in '99, while I was at SEPTAR, I was the

14:31:44 23

reservoir engineer working on a deepwater Brazil

14:31:46 24

field. I'm not sure I can even remember the

25

name.

14:31:47 1 RODNEY SIDLE

14:31:52 2 I also participated in some
14:31:59 3 exploration reviews, VARs, for possible
14:32:12 4 exploration programs, including on BC-10.

14:32:14 5 And then later -- let's see. Was
14:32:18 6 that 2004? Yeah, it would have been before
14:32:18 7 2004.

14:32:21 8 When the Enterprise Oil Company
14:32:24 9 acquisition was done, there was an asset
14:32:27 10 acquired that was part of Brazil. That was the
14:32:29 11 only one of the several that I've mentioned
14:32:31 12 where there were proved reserves booked.

14:32:43 13 Q. Going in reverse order. With regard
14:32:49 14 to the Brazilian asset that was acquired as part
14:32:52 15 of the Enterprise acquisition, what work did you
14:32:56 16 do in connection with the proved reserves?

14:33:05 17 A. At the time it was acquired, I was
14:33:17 18 the reserves manager for SEPCO/EPW, because at
14:33:17 19 that time it was EPW. So when the reserves were
14:33:21 20 brought into EPW, then I reviewed the basis for
14:33:24 21 booking those reserves from the fields we
14:33:30 22 acquired from Enterprise.

14:33:41 23 Q. Do you know if those reserves were
14:33:43 24 also reviewed by Mr. Barendregt?

25 A. I remember at the time of the

14:33:55 1

RODNEY SIDLE

14:33:59 2

Enterprise acquisition, he did a special review

14:34:06 3

of just those reserves, but he couldn't get to

14:34:11 4

everything. And I don't remember whether he

14:34:13 5

actually looked at Brazil or not. I know he

14:34:17 6

didn't look at the Enterprise assets in the Gulf

14:34:21 7

of Mexico. Those we handled within SEPCO. But

14:34:23 8

I don't remember whether he looked at Brazil or

14:34:23 9

not.

14:34:29 10

Q. With regard to the proved reserves

14:34:34 11

that you looked at in Brazil, as a result of the

14:34:38 12

Enterprise acquisition did you generate a report

14:34:45 13

or other document memorializing your efforts as

14:34:48 14

part of -- your efforts in that review?

14:34:59 15

A. Yes, I believe there was a document

14:35:04 16

that -- that was created as a result of a visit

14:35:10 17

of myself and two others, I believe it was two

14:35:15 18

other technical staff, to Brazil to take a look

14:35:23 19

at the status of the technical work on the

14:35:27 20

field. And that document was noting work that

14:35:29 21

had been done and the work that was still left

14:35:39 22

to be done to have the completed technical work

14:35:43 23

documentation for what we felt was the proper

14:35:47 24

way to book for proved reserves. I think we had

25

that meeting in, like, September of the year in

14:35:49 1

RODNEY SIDLE

14:35:53 2

which Enterprise was acquired. Which would have

14:35:57 3

been, I guess, 2003.

14:36:03 4

Q. The two individuals that accompanied

14:36:06 5

you to Brazil, do you recall who they were?

14:36:11 6

A. Frank Gonzalez and Dan Schwartz.

14:36:14 7

Q. Were they members of SEPCO?

14:36:23 8

A. Frank was a member of SEPCO. I

14:36:25 9

don't recall if Dan was a member of SEPCO or

14:36:25 10

not.

14:36:34 11

Q. With regard to the VAR review that

14:36:40 12

was done for BC-10, could you please briefly

14:36:42 13

summarize the work that you did in that regard?

14:36:46 14

A. Yes. This was a service to our

14:36:51 15

exploration organization. Exploration

14:36:54 16

periodically asked for outside technical persons

14:37:01 17

to look at their portfolio of opportunities, to

14:37:08 18

provide feedback on the status of those

14:37:09 19

opportunities, the quality of those

14:37:13 20

opportunities, the reasonableness of their plan

14:37:17 21

to explore. It was not related to proved

14:37:19 22

reserves. It was related to exploration.

14:37:22 23

Q. When you say the exploration

14:37:24 24

organization, are you referring to the group's

25

exploration organization, or SEPCO's?

14:37:27 1

RODNEY SIDLE

14:37:29 2

A. It varied from time to time.

14:37:31 3

Sometimes the exploration organization for the

14:37:35 4

Americas was within the Americas, and sometimes

14:37:39 5

it actually was a part of an International Group

14:37:42 6

that simply had an Americas division. So which

14:37:44 7

status it had at that time, I don't recall.

14:37:47 8

Q. Fair enough. And I believe you

14:37:53 9

referenced a '99 review, when you were in

14:37:53 10

SEPTAR?

14:37:58 11

A. '99 was a different event.

14:38:00 12

Q. Right. I'm sorry. It wasn't a

14:38:01 13

review. It was work in '99.

14:38:03 14

A. Right. I was assigned as the

14:38:05 15

reservoir engineer working on a field where

14:38:07 16

development operations were being studied.

14:38:10 17

Q. And could you just, again very

14:38:14 18

generally, summarize the work that you did at

14:38:15 19

that time?

14:38:19 20

A. Yeah. Yeah. One of the services

14:38:21 21

that SEPTAR provided was the application of

14:38:23 22

technologies. What I did was run the reservoir

14:38:26 23

simulation model for a variety of different

14:38:30 24

outcomes of potential developments of the field,

25

to be able to ascertain what the likely result

14:38:34 1

RODNEY SIDLE

14:38:37 2

would be for a variation in number of wells,

14:38:40 3

placement of wells. Situations like that.

14:38:42 4

Q. And this was in connection with

14:38:42 5

Brazil. Correct?

14:38:44 6

A. This was in connection with Brazil.

14:38:48 7

Q. During the time that you were in

14:38:56 8

SEPTAR, do you recall doing work with regard to

14:39:02 9

any other non-US OU, besides Brazil? And

14:39:05 10

Bonga -- well, you hadn't done the Bonga work

14:39:08 11

yet while you were in SEPTAR. I'm sorry.

14:39:17 12

A. No, at that time the only one that I

14:39:43 13

recall working on was Brazil.

14:39:45 14

MR. FERRARA: Tim, was there an

14:39:47 15

Exhibit 20?

14:39:48 16

MR. SMITH: Yes.

14:39:50 17

MR. FERRARA: Which one was that?

14:39:53 18

Do you have an extra one of those?

14:39:54 19

MR. WEED: It's the Norman Read

14:39:55 20

e-mail.

14:39:56 21

THE WITNESS: It's the Bonga

14:40:00 22

Southwest.

14:40:01 23

MR. MacFALL: Do you need a copy of

14:40:03 24

that, Ralph?

25

MR. FERRARA: I've misnumbered here

14:40:05 1

RODNEY SIDLE

14:40:41 2

somehow. I would like to see it. Yeah.

3

4

(Sidle Exhibit 22, e-mail, four

5

pages, Bates number DB 07573 through

14:40:42 6

DB 07576, was marked for identification.)

14:40:42 7

14:40:43 8

BY MR. MacFALL:

14:41:31 9

Q. Mr. Sidle, you've just been handed a

14:41:33 10

document marked as Sidle Exhibit 22 for

14:41:35 11

identification. I see you're reviewing it, sir.

14:41:36 12

Do you recognize this document?

14:41:37 13

A. Yes, I do.

14:41:39 14

Q. And for the record, this document is

14:41:42 15

a series of e-mails, the last of which is from

14:41:47 16

Mr. Roosch to yourself dated January 14, 2002.

14:41:53 17

The subject is SNEPCO Reserves Questions.

14:41:57 18

The SNEPCO reserves questions

14:41:59 19

involved potential booking of proved reserves in

14:42:01 20

connection with Bonga Southwest. Correct?

14:42:02 21

A. Yes.

14:42:14 22

Q. I would like to direct your

14:42:18 23

attention, if I can, sir, to the page ending

14:42:26 24

with Bates numbers DB 07575, which is the

25

next-to-the-last page of the document. Do you

14:42:34 1

RODNEY SIDLE

14:42:34 2

have that, sir?

14:42:35 3

A. Yes, I do.

14:42:40 4

Q. Okay. At the top of the page there

14:42:40 5

is an e-mail from Mr. Roosch to you dated

14:42:46 6

January 10, 2002. I would like specifically to

14:42:48 7

direct your attention to what I believe is the

14:42:55 8

third paragraph in that e-mail. The e-mail

14:43:04 9

discusses, amongst other things, Bonga Main

14:43:06 10

booking of -- possible booking of proved

14:43:07 11

reserves.

14:43:10 12

Mr. Roosch writes, "It concerns me

14:43:12 13

that we do not have the level of expertise here

14:43:17 14

to come with a credible 2nd opinion, but I would

14:43:21 15

expect, if we stick to the 'proved area'

14:43:23 16

principle and could, in one way or another,

14:43:26 17

argue for analogy," and then it continues.

14:43:29 18

Really, my question has to do with

14:43:31 19

Mr. Roosch's statement that they do not have the

14:43:37 20

level of expertise here to come -- or to have a

14:43:38 21

credible second opinion.

14:43:40 22

In the context of this e-mail, do

14:43:42 23

you know what he was referring to there, sir?

14:43:57 24

A. I believe his reference is to the

25

first opinion, being that of Barry Knight and

14:44:02 1

RODNEY SIDLE

14:44:08 2

14:44:13 3

14:44:16 4

14:44:21 5

14:44:25 6

14:44:29 7

14:44:32 8

14:44:36 9

14:44:37 10

14:44:42 11

14:44:48 12

14:44:52 13

14:44:55 14

14:44:56 15

14:45:02 16

14:45:05 17

14:45:11 18

14:45:16 19

14:45:19 20

14:45:22 21

14:45:30 22

14:45:34 23

14:45:36 24

25

Keith Lewis, that there is the opportunity for booking some reserves at Bonga Southwest. And the reference to expertise and second opinion meant that there was no one present in his office, or his location, that knew the details of Bonga Southwest, to be able to judge whether that first opinion was indeed an accurate reflection of what was necessary for proved reserves or not.

Q. The very last line in that e-mail says: "Please do NOT" -- in caps -- "copy Anton Barendregt at this stage, as his role is to take a final view as the auditor."

Do you recall discussing that with Mr. Roosch at any point?

A. Specific to Bonga Southwest, I don't recall. There had been an ongoing interchange between myself and Jan Willem about the role of Anton and my ability to access him, that we discussed before.

Q. Do you believe that that sentence was a continuation of that same dialogue between you and Mr. Roosch concerning Mr. Barendregt?

A. I'm sure it was related.

14:45:48 1

RODNEY SIDLE

14:46:15 2

Q. Prior to the dialogue with

14:46:18 3

Mr. Roosch concerning Mr. Barendregt's role as

14:46:20 4

auditor, and basically his advice or instruction

14:46:23 5

not to have contact with Mr. Barendregt, you

14:46:28 6

interacted with Mr. Barendregt in several

14:46:30 7

contexts, not just the auditing context. Is

14:46:32 8

that right?

14:46:37 9

MR. SMITH: Objection to form.

14:46:37 10

A. (No response.)

14:46:38 11

Q. I'll withdraw the question. Let me

14:46:43 12

rephrase it.

14:46:48 13

Prior to the time that Mr. Roosch

14:46:50 14

indicated that you shouldn't have direct contact

14:46:55 15

with Mr. Barendregt, did you seek advice of

14:46:59 16

Mr. Barendregt on any reserves-related issues?

14:47:07 17

MR. SMITH: Objection to form.

14:47:10 18

A. I'm not sure I could respond to

14:47:15 19

specific advice. Each of us had knowledge, and

14:47:18 20

especially with situations that are complex and

14:47:22 21

judgmental, one learns to consult other

14:47:24 22

knowledgeable people to help make

14:47:28 23

interpretations. So he and I, from time to

14:47:31 24

time, would have discussions around

25

interpretations, around experiences and thoughts

14:47:35 1 RODNEY SIDLE

14:47:41 2 on topics related to reserves.

14:47:45 3 Q. Were you aware if Mr. Barendregt
14:47:58 4 participated in any meetings in which methods to
14:48:01 5 establish technical or commercial maturity in
14:48:04 6 order to book proved reserves were discussed?

14:48:05 7 A. No, I was not.

14:48:10 8 Q. Did you have any concern about
14:48:14 9 Mr. Barendregt's objectivity as an auditor in
14:48:25 10 light of your communications with him, and prior
14:48:27 11 to Mr. Roosch's indication that you should have
14:48:31 12 no direct contact with him?

14:48:33 13 MR. SMITH: Objection to form.

14:48:38 14 A. I had no concerns.

14:48:48 15 Q. During or subsequent to your
14:48:57 16 participation in Project Rockford, did you see
14:49:02 17 any information which caused you to question the
14:49:07 18 objectivity of Mr. Barendregt in his role as
14:49:12 19 auditor prior to 2004?

14:49:28 20 A. The materials I saw as part of
14:49:35 21 Rockford gave me insight into the condition of
14:49:38 22 certain of the reserves that the group had
14:49:45 23 booked. I don't know that I saw anything that
14:49:49 24 translated that condition into objectivity on
25 the part of the auditor.

14:49:54 1

RODNEY SIDLE

14:49:57 2

Q. I believe you previously indicated

14:50:00 3

that certain of the information that you

14:50:06 4

reviewed in connection with Project Rockford

14:50:12 5

would have given you cause to look further if

14:50:14 6

that information had come to light in connection

14:50:15 7

with the SEPCO audit. Is that correct?

14:50:16 8

A. That's correct.

14:50:23 9

Q. Specifically with regard to that

14:50:30 10

information, are you aware if Mr. Barendregt

14:50:37 11

conducted additional review, or a review, based

14:50:39 12

on that same information?

14:50:43 13

MR. SMITH: Objection to form.

14:50:46 14

Q. I'll see if I can rephrase.

14:50:48 15

With regard to the information that

14:50:51 16

you believed would have caused you to conduct a

14:50:53 17

further look with regard to certain proved

14:51:00 18

reserves bookings, are you aware if

14:51:02 19

Mr. Barendregt actually did that, took a look,

14:51:04 20

based on that same information?

14:51:06 21

MR. SMITH: Objection to form.

14:51:10 22

A. I don't know. He may have. I don't

14:51:11 23

know.

14:51:17 24

Q. Did you ever discuss that with

25

Mr. Barendregt?

14:51:18 1

RODNEY SIDLE

14:51:18 2

A. No, I didn't.

14:51:30 3

Q. We discussed this a little bit

14:51:35 4

during the course of the deposition. Did you

14:51:39 5

ever have occasion to review the role of the

14:51:43 6

external auditors, and by that I mean KPMG and

14:51:49 7

Price Waterhouse, with regard to the proved

14:51:56 8

reserves that were ultimately de-booked in

14:52:02 9

connection with project Rockford?

14:52:05 10

A. No, I don't recall any specifics

14:52:09 11

about the role of the external auditors with

14:52:10 12

those volumes.

14:52:16 13

Q. Do you recall looking at the actions

14:52:21 14

of the external auditors in terms of the audit

14:52:25 15

process that was in place in the group, during

14:52:28 16

the period of 1999 to 2004?

14:52:30 17

MR. SMITH: Objection to form.

14:52:32 18

A. No. I don't.

14:52:37 19

Q. Are you aware if anyone connected

14:52:41 20

with Project Rockford did undertake such an

14:52:42 21

inquiry?

14:52:44 22

MR. SMITH: Objection to form.

14:52:50 23

A. I'm not specifically aware of that.

14:52:50 24

No.

25

Q. Only because you used the word

14:52:54 1

RODNEY SIDLE

14:52:56 2

specifically, are you generally aware of that,

14:52:56 3

sir?

14:53:01 4

A. Well, I recognize that part of the

14:53:03 5

broad event that was Rockford, there was the

14:53:07 6

Project Hugin team, the legal team that looked

14:53:11 7

back at Shell's practices and made

14:53:14 8

recommendations as to changes. I must assume

14:53:16 9

that one of the things they would look at would

14:53:20 10

be that relationship. But since the outcome of

14:53:23 11

that has remained largely secret, I can't

14:53:27 12

conclude -- I can't be conclusive as to whether

14:53:31 13

or not that was reviewed or not.

14:53:32 14

MR. MacFALL: Could we go off the

14:53:33 15

record for a minute.

14:53:35 16

VIDEOGRAPHER: The time is 2:52 p.m.

14:56:12 17

We're off the record.

18

14:56:12 19

(Pause in the record.)

14:56:12 20

14:56:21 21

VIDEOGRAPHER: The time is 2:55 p.m.

14:56:23 22

Back on the record.

14:56:25 23

BY MR. MacFALL:

14:56:28 24

Q. Mr. Sidle, you've identified work

25

that you did in connection with Bonga and Angola

14:56:42 1

RODNEY SIDLE

14:56:47 2

Block 18 in Brazil while you were at SEPCO. Are

14:56:53 3

there any other non-US OUs that you performed

14:56:57 4

work in connection with or for during the period

14:57:00 5

of 2000-2004?

14:57:03 6

A. First, let me correct your question.

14:57:05 7

I worked on Bonga Southwest, which is a

14:57:09 8

different field from Bonga Main.

14:57:12 9

Q. Thank you. I'm sorry. I did mean

14:57:14 10

Bonga Southwest.

14:57:25 11

A. Yeah. In terms of proved reserves,

14:57:35 12

Angola Block 18, Bonga Southwest, and the

14:57:41 13

Enterprise acquisitions in Brazil, those are the

14:57:44 14

ones I worked on.

14:57:52 15

Q. Just with regard to the group

14:57:54 16

reserve auditor function, the position held by

14:58:04 17

Mr. Barendregt, as a consequence of the work

14:58:07 18

that you did on Project Rockford, did you ever

14:58:11 19

form a conclusion as to whether having a single

14:58:15 20

individual in the group reserves auditing

14:58:18 21

function, or position, was adequate for a

14:58:21 22

company the size of the group?

14:58:23 23

MR. SMITH: Objection to form and

14:58:31 24

foundation.

25

A. Not specifically to a single

14:58:33 1 RODNEY SIDLE

14:58:37 2 auditor. However, the assurance function, as we
14:58:40 3 saw in some of my prior e-mails, I suggested
14:58:43 4 needed more people to assist in that function,
14:58:45 5 whether you called them auditors or gave them
14:58:49 6 some other roles, but people beyond just one
14:58:53 7 person providing the review and assurance I felt
14:58:55 8 was something that would be advisable.

14:58:58 9 Q. Did you express that belief, or that
14:59:01 10 opinion, to anyone within the group?

14:59:04 11 A. Within ...? I'm sorry. Can you --

14:59:05 12 Q. Within Shell.

14:59:06 13 A. Yes.

14:59:06 14 MR. SMITH: Objection to form.

14:59:15 15 Q. Are you aware of how many people
14:59:19 16 provide that assurance, or work in connection
14:59:21 17 with that assurance, in the auditing function
14:59:30 18 with the group now?

14:59:36 19 A. I can give you an approximately,
14:59:38 20 probably between fifteen and twenty. Some are
14:59:45 21 Shell employees. Some are people we engage from
14:59:46 22 outside. That's an approximate estimate.

14:59:55 23 Q. Was that change, and by that change
14:59:57 24 I mean from a single position to the more
25 expanded staff, a consequence of the review that

15:00:04 1

RODNEY SIDLE

15:00:10 2

was done as Project Rockford, or as part of

15:00:11 3

Project Rockford?

15:00:12 4

MR. SMITH: Objection to form and

15:00:13 5

foundation.

15:00:16 6

A. No, it wasn't Rockford. There was a

15:00:23 7

related review called Project Hugin that made

15:00:27 8

recommendations to the group, and among those

15:00:31 9

recommendations were changes to the overall

15:00:35 10

review process, not just auditors, but others

15:00:36 11

involved in review.

15:00:38 12

Q. Did you participate in Project

15:00:39 13

Hugin?

15:00:40 14

A. No, I did not.

15:00:42 15

Q. Do you know who did?

15:00:57 16

A. The law firm of Davis Polk &

15:01:00 17

Wardwell were the primary leads, with certain

15:01:03 18

Shell staff, including my current supervisor,

15:01:09 19

Jim Cooper, performed the study.

15:01:13 20

Q. Do you know of any other Shell

15:01:14 21

individuals who participated?

15:01:17 22

A. There were others on it, but I don't

15:01:17 23

recall who it was.

15:01:21 24

Q. Okay. That's fine. Do you recall

25

the approximate time frame of Project Hugin?