

Deposition Testimony of:

Stuart Strife

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Page 8:09 to 8:19

00008:09 STUART C. STRIFE
10 was called as a witness by the Plaintiffs and,
11 being first duly sworn, testified as follows:
12 DIRECT EXAMINATION
13 QUESTIONS BY MR. SUMMY:
14 Q. Can you please state your full name for
15 the record?
16 A. Stuart C. Strife.
17 Q. Mr. Strife, my name is Scott Summy, and
18 I'm here today on behalf of the Plaintiffs
19 Steering Committee, referred to as the PSC. Do

Page 9:19 to 10:06

00009:19 Q. Okay. Give us a history of your
20 educational background.
21 A. I have a Bachelor's of Science and Master
22 of Science degrees in Geology from Rensselaer
23 Polytechnic Institute.
24 Q. Where is Rensselaer located?
25 A. It's in Troy, New York.
00010:01 Q. What year did you get your Bachelor of
02 Science degree in Geology?
03 A. 1975.
04 Q. What year did you get your Master's
05 degree in Geology?
06 A. 1977.

Page 13:04 to 14:20

00013:04 Q. Okay. From 1981 to 2000, give us a
05 description of the various titles you've held at
06 Champlin.
07 A. Between 1981 and 1984, I was a Geologist,
08 Senior Geologist through Staff Geologist. 1984,
09 I became Pacific Division Development Geology
10 Supervisor. 1986, I moved to Houston to become
11 the Geological Supervisor for the Gulf of Mexico
12 Exploration Group. 1987, I moved back to the
13 Rocky Mountains to be Geological Supervisor for
14 the Rocky Mountains.
15 1988, I moved to West Texas to be
16 Geological Supervisor for West Texas. 1989, I
17 moved back to be Geological Supervisor for South
18 Louisiana and the Gulf of Mexico.
19 1991, I became Chief Geologist for the
20 company. 1992 to '93, I became the Exploration
21 Manager for South Louisiana and Gulf of Mexico.
22 1996, we split those two, and I bec -- and I was
23 the Exploration Manager for the Gulf of Mexico.
24 1999, I left the company at the merger
25 time -- or 2000, I left the company at merger

00014:01 time. I had a brief hiatus from the industry,
 02 went to work for a small company by the name of
 03 Mustang Fuel, for about two months, as Vice
 04 President of Exploration, went to work for Devon
 05 Energy for about two months as Exploration
 06 Manager of -- for the Rocky Mountains, and then
 07 in February of 2001, went back to work for
 08 Anadarko Petroleum as G&G Manager for Regional
 09 Studies.
 10 2002, I became the Geology Manager for
 11 the U.S. Onshore for Anadarko. 2003, I became
 12 the Manager of North American -- of Northern U.S.
 13 Development for Anadarko. 2004, I became the
 14 Exploration Manager for the Gulf of Mexico.
 15 2009, I believe it was, my title was changed to
 16 Vice President of Exploration.
 17 The end of 2000 and -- the end of the
 18 First Quarter of 2010, I began tr --
 19 transitioning into retirement and left the
 20 company, retired in June of 2010.

Page 16:11 to 17:10

00016:11 Q. Okay. Has all of your time from 1977,
 12 when you entered the professional world, up until
 13 the time you retired in 2010 -- have you spent
 14 all of your time that you've worked in the oil
 15 and gas industry on the Exploration side?
 16 A. Not all of it. I was initially on the
 17 development side, and at Anadarko I was in the --
 18 the Development organization for a year --
 19 Q. Is that when you first --
 20 A. -- when I was --
 21 Q. -- joined them?
 22 A. No. That was when I was the Northern
 23 U.S. Development Manager.
 24 Q. Okay.
 25 A. Manager of the Northern U.S.
 00017:01 Q. And what did you do as Development
 02 Manager?
 03 A. We had both Exploration and Development
 04 opportunities, so we had oil fields that we
 05 managed, and we had groups that created new
 06 ideas, to -- to attempt to find new oil fields.
 07 Q. Okay. So have you spent pretty much most
 08 of your entire career looking for new oil and gas
 09 prospects to drill into?
 10 A. Yes.

Page 18:25 to 19:06

00018:25 Q. (By Mr. Summy) You would agree that
 00019:01 you've got a tremendous amount of experience in
 02 the Exploration side of oil and gas in the Gulf

03 of Mexico, agreed?
04 MS. WILMS: Object to form.
05 A. Yes, I would say I have a background in
06 Exploration in the Gulf of Mexico.

Page 19:10 to 21:20

00019:10 Q. You talked about in 2004 you became the
11 Exploration Manager for the Gulf of Mexico. Do
12 you recall that?
13 A. Yes.
14 Q. And explain what your duties and
15 responsibilities were as the Exploration Manager
16 for the Gulf of Mexico for Anadarko.
17 A. I had a Team of Geologists and
18 Geophysicists. We had associated resources in
19 land and engineering, and our role was to search
20 for new opportunities that could, in a five- to
21 ten-year time frame, become newly-producing
22 fields for the company.
23 Q. Okay. And then in 2009, you said you
24 became Vice President of Exploration for the Gulf
25 of Mexico?
00020:01 A. That was just a title change.
02 Q. Okay. Same responsibilities?
03 A. Yes.
04 Q. Okay. And you held that job until you
05 retired in 2010?
06 A. Well, I actually started to transition
07 out of that job in April of 2010. We -- as -- as
08 I -- my transition into retirement actually
09 started in the latter part of 2009.
10 Q. Okay.
11 A. I notified the company that because of
12 some circumstances I had outside of work, I
13 decided that my career would be coming to a
14 close, and then we started to examine what my
15 future role might be and whether I wanted a
16 future role, so I kept the job. We announced in
17 the end of March or early April that I would be
18 leaving the Gulf of Mexico, and I stayed in a
19 transitional role for about a month after that.
20 And then in -- in the May time frame I
21 transitioned out completely and helped with other
22 things until I left in -- at the end of June.
23 Q. Okay. And what was your title at
24 Anadarko on April 20th, 2010, the date of the
25 Macondo explosion?
00021:01 A. My title was still Vice President of
02 Exploration Gulf of Mexico.
03 Q. Okay. And as Vice President of
04 Exploration for Gulf of Mexico, did you supervise
05 a number of employees?
06 A. Yes.
07 Q. How many?

08 A. Approximately 30.
09 Q. And did that group of employees, was it
10 known by a certain Group name?
11 A. Gulf of Mexico Exploration.
12 Q. And what was the -- the role of the Gulf
13 of Mexico Exploration Group?
14 A. It was the same as I told you a minute
15 ago. We were a Group that was charged with
16 looking at future opportunities for the company,
17 places where we could drill that would turn into
18 possible reserves and/or production in a five- to
19 ten-year time frame, so we were looking out
20 towards new opportunities.

Page 25:05 to 25:24

00025:05 Q. How were Exploration decisions made at
06 Anadarko at the time you were Vice President of
07 Exploration for Gulf of Mexico?
08 A. General -- general decisions?
09 Q. Yeah. Well, decisions about what
10 Projects to go forward on.
11 A. Our -- our Teams had areas assigned to
12 them. They developed ideas from various datasets
13 we had. They would bring those to fruition
14 through a methodology we had in place to evaluate
15 Exploration ideas, and then they would bring them
16 through a series of meetings that involved their
17 peers, their Supervisors, myself, and then our
18 Global Senior Vice President of Exploration.
19 Q. And who was that?
20 A. Robert Daniels.
21 Q. Was he your Supervisor?
22 A. Yes.
23 Q. And you reported to him?
24 A. Yes.

Page 26:17 to 27:10

00026:17 Q. And so would a particular team bring a
18 proposal to the table and run it through the
19 various groups and run it up the -- the line of
20 authority?
21 MS. WILMS: Object to form.
22 A. On the Exploration side, and the
23 Exploration Team would develop an idea. And if
24 it passed the -- the methodology we -- we put in
25 place and they felt it met our strategic goals
00027:01 and Business Plan, they would then bring it
02 forward to try to seek approval.
03 Q. And who had the decision to give it
04 approval?
05 A. Depended on the amount of money that was
06 going to be spent to test the idea.

07 Q. Okay. What were the lines of authority
08 on money?
09 A. I had \$15 million of authority, and
10 anything above that had to go up to Bob Daniels.

Page 28:25 to 29:06

00028:25 Q. In general, did the -- did the prospect
00029:01 have to show its potential to be profitable
02 before Anadarko would agree to invest in it?
03 A. Yes.
04 Q. Other than profit, what other factors
05 would Anadarko look at in deciding on prospects,
06 during the 2009 time period?

Page 29:08 to 29:22

00029:08 A. We would evaluate the technical
09 geological aspects of each prospect to -- to try
10 to determine the likelihood that there would be
11 an oil field or a gas field, or a combination of
12 both, present once we drilled an exploration
13 well.
14 Q. (By Mr Summy) And that was a technical
15 analysis done by Geologists within the company?
16 A. Geologists, Geophysicists, Engineers, and
17 several specialty-type Technical Experts.
18 Q. Okay. And they would prepare supporting
19 documents in support of a prospect that they
20 brought forward?
21 A. Yes, they would -- they would prepare
22 their interpretation of what the data said.

Page 30:08 to 30:10

00030:08 Q. In the 2009 time period, how much
09 experience did Anadarko have in actually drilling
10 wells in the Gulf of Mexico?

Page 30:12 to 30:24

00030:12 A. We had a Drilling Department that -- that
13 drilled our wells, and they had a number of
14 individuals in it. I do not know what their
15 exact level of experience was.
16 Q. (By Mr. Summy) Well, how many projects
17 had come through your Department up and to, let's
18 say 2010, where the company went forward and
19 actually drilled wells in the Gulf of Mexico that
20 you had approved or your Department had approved?
21 MS. WILMS: Object to form.
22 A. I -- I don't remember the exact number.
23 We -- we drilled tens of wells a year in some

24 cases.

Page 31:02 to 31:03

00031:02 Q. In the Gulf of Mexico?
03 A. Yes.

Page 31:13 to 31:21

00031:13 Q. (By Mr Summy) During the 2009 time
14 period, after a prospect was approved by your
15 Group and the money was dispensed to drill a
16 particular well or invest in a particular well,
17 did you as Vice President of the Exploration
18 Group keep up with the status of that particular
19 well?
20 A. I would get a weekly update to track the
21 progress, but I did not watch wells.

Page 33:08 to 33:12

00033:08 Q. When is the first time you became aware
09 of the Macondo Well being proposed as a potential
10 investment by Anadarko?
11 A. I don't remember the exact date. It was
12 in mid October 2009.

Page 33:20 to 33:24

00033:20 Q. (By Mr. Summy) Okay. What kind of well
21 would you have characterized the Macondo Well,
22 from Anadarko's perspective?
23 A. It -- it was an exploratory test that our
24 Development Group wanted to drill.

Page 36:02 to 36:04

00036:02 Q. (By Mr. Summy) And did you have any
03 involvement in the Macondo Well prospect on
04 behalf of Anadarko?

Page 36:06 to 36:08

00036:06 A. The only involvement I had was reviewing
07 it to de -- to de -- decide if it was a place
08 Anadarko should spend Exploration dollars.

Page 37:02 to 37:04

00037:02 Q. (By Mr. Summy) And with respect to the
03 Macondo Well, who brought this prospect from the

04 Development Group to you for approval?

Page 37:06 to 37:19

00037:06 A. It was Darrell's Group.
 07 Q. (By Mr. Summy) Okay. And who at Anadarko
 08 negotiated with BP, the terms of the arrangement
 09 between Anadarko and BP on the Macondo Well?
 10 A. As -- as far as the business
 11 relationship?
 12 Q. Yes.
 13 A. It would have been our Land Department,
 14 Nick Huch, and possibly Jim Bryan.
 15 Q. Did you have any involvement in that?
 16 A. No.
 17 Q. Did you talk to anyone at BP about the
 18 Macondo Well?
 19 A. No.

Page 37:21 to 38:14

00037:21 Q. (By Mr. Summy) Describe what your role
 22 was with respect to the Macondo Well for
 23 Anadarko.
 24 A. My role was peripheral. It wasn't an
 25 Exploration well in the Exploration sense of that
 00038:01 our Group had nothing to do with it. So my role
 02 was to just look at the work that Darrell's Team
 03 presented, and determine if it was in line with
 04 how we would evaluate an -- an Exploration idea.
 05 And then determine if it -- if it was -- met
 06 Darrell's Group's criteria, if we would shift
 07 budget money from our Group to their Group so
 08 they could participate in the well.
 09 Q. Okay. And what -- what's the criteria?
 10 What would that have been that you're talking
 11 about?
 12 A. It's geological criteria, source,
 13 reservoir, seal, trap, timing, the technical
 14 aspects of a prospect.

Page 38:22 to 39:06

00038:22 Q. And did you look at the Macondo Well to
 23 determine if you thought it would be a profitable
 24 venture for Anadarko?
 25 A. I did not re -- review the economics
 00039:01 extensively. That was their shop, it was their
 02 prospect. My role was more, is -- is this a
 03 legitimate, valid exploration idea in terms of
 04 Anadarko's exploration criteria.
 05 Q. And what was Anadarko's exploration
 06 criteria?

Page 39:08 to 39:22

00039:08 A. Well, their -- maybe "criteria" is not
09 the right word, but -- because every well is
10 unique. But how you address whether hydrocarbons
11 were -- whether there was -- there was rock to
12 generate hydrocarbons from source, whether there
13 was a path to migrate it to a potential trap.
14 Was there a reservoir? Was there a trap? And
15 our Teams would take geological data and address
16 each of those factors.
17 Q. (By Mr. Summy) And -- and did you review
18 the data that the Team had put together on those
19 factors?
20 A. I reviewed the -- the work that they
21 created from the data, their interpretation of
22 it.

Page 40:16 to 40:18

00040:16 Q. (By Mr. Summy) And so in the 2009 time
17 frame, you, on behalf of Anadarko, approved the
18 investment into the Macondo Well?

Page 40:21 to 41:07

00040:21 THE WITNESS: Yeah.
22 A. I had recommended that -- I recommended
23 it, that it go further.
24 Q. (By Mr. Summy) And -- and once you make
25 your recommendation, where does it go?
00041:01 A. It then went to our Senior VPs on the
02 Production and Exploration side. And then I
03 believe ultimately, it had to be approved by our
04 President.
05 Q. Which is who?
06 A. The President of the company was Al
07 Walker. Still is.

Page 42:04 to 42:13

00042:04 Q. Let's go to the notebook. And if you
05 would, turn to Tab 1 for me, please. I'll give
06 you a chance to take a look at it. This is a
07 previously marked Deposition Exhibit number.
08 It's been previously marked as Exhibit No. 3203.
09 I'll represent to you that this is a BP document,
10 and it's dated September 28, 2009. And it deals
11 with the Macondo Well. And I'm going to ask you
12 some questions about this document, primarily on
13 the second page.

Page 42:15 to 43:06

00042:15 Q. I guess my first question on this -- on
 16 this document is: Have you ever seen this
 17 document before?
 18 A. No.
 19 Q. If you'd look about halfway down the
 20 page, or a little more than halfway down the
 21 second page, it says: "Key Risks and Other
 22 Significant Points for Discussion:"?
 23 Do you see that?
 24 A. Yes.
 25 Q. Could you read for the record the first
 00043:01 bullet point?
 02 A. "The subsurface and drilling risks
 03 include a narrow pore-pressure and fracture
 04 gradient window, stuck pipe, gas kick and shallow
 05 depletion from the adjacent" -- "adjacent Rigel
 06 gas field."

Page 44:02 to 44:08

00044:02 Q. My question is, is: Did anyone inside
 03 Anadarko tell you that the Macondo Well had a
 04 safety issue associated with it, and that safety
 05 issue was a drilling risk because it had a narrow
 06 drilling margin between pore pressure and
 07 fracture gradient?
 08 MS. WILMS: Object to form.

Page 44:10 to 45:08

00044:10 A. No.
 11 Q. (By Mr. Summy) Was that ever discussed by
 12 you with anyone else inside Anadarko related to
 13 the Macondo Well?
 14 A. No.
 15 Q. In reviewing the Macondo Well on behalf
 16 of Anadarko, did you consider any well control
 17 issues --
 18 A. No.
 19 Q. -- in your -- I'm sorry -- in your review
 20 of the pro -- prospect?
 21 A. No.
 22 Q. Did you review any data related to a
 23 narrow drilling margin between pore pressure and
 24 fracture gradient?
 25 A. No.
 00045:01 Q. Did you, in reviewing the pro --
 02 prospect, consider any safety considerations
 03 related to the well?
 04 A. No.
 05 Q. Did you, as Vice President of Exploration
 06 for Anadarko for the Gulf of Mexico area,

07 consider any well control issues related to the
08 geology associated with the Macondo Well?

Page 45:10 to 45:12

00045:10 A. No.
11 Q. (By Mr. Summy) What is your understanding
12 of a narrow drilling margin?

Page 45:14 to 45:18

00045:14 A. That's not my area of ex -- expertise. I
15 can't comment on that or speculate on that.
16 Q. (By Mr. Summy) You don't have any
17 understanding of what the term "narrow drilling
18 margin" means?

Page 45:20 to 46:02

00045:20 A. No. I'm not a -- I'm not a Drilling
21 Engineer, so I --
22 Q. (By Mr. Summy) I understand. But
23 certainly as someone who has spent their entire
24 lifetime, as far as professional career goes,
25 looking for new oil and gas prospects, you
00046:01 certainly have heard of that term before,
02 correct?

Page 46:04 to 46:05

00046:04 A. Oh, I hear many terms, but I'm -- I'm not
05 an expert in --

Page 46:07 to 46:11

00046:07 A. -- what the terms mean.
08 Q. And so your testimony here today, as Head
09 of Exploration for the Gulf of Mexico for
10 Anadarko, is you don't understand what the term
11 "narrow drilling margin" means --

Page 46:13 to 46:13

00046:13 Q. (By Mr. Summy) -- correct?

Page 46:15 to 47:04

00046:15 A. I don't -- I'm -- I'm not a Drilling
16 Engineer, so I don't -- it -- it can mean many
17 different things, depending on your set of
18 expertise, and I -- I don't have the expertise

19 to, particularly in this case, tell you what that
20 meant.

21 Q. (By Mr. Summy) Well, let me ask it this
22 way, and I'm not asking you to be an expert,
23 because I'm certainly no expert, but I know what
24 the term means, and you've been in this industry
25 for decades. And I want to make this clear,
00047:01 because you're on the record and you're under
02 oath: Is it your testimony that as Head of
03 Exploration for Anadarko, you don't know what the
04 term "narrow drilling margin" means?

Page 47:06 to 47:14

00047:06 A. Relative to this particular prospect, I
07 do not know what the "narrow drilling window"
08 statement meant.
09 Q. (By Mr. Summy) I'm not asking you about
10 this particular statement. I'm asking you, in
11 general, do you have any understanding, as Head
12 of Exploration for Anadarko during this time
13 frame, as to what the term "narrow drilling
14 margin" meant --

Page 47:16 to 47:16

00047:16 Q. (By Mr. Summy) -- or means?

Page 47:18 to 48:01

00047:18 A. In general, it -- in -- and it can --
19 again, it -- it can mean different things,
20 depending on a particular situation you're in,
21 but mud weight versus frac gradients.
22 Q. (By Mr. Summy) So you do know something
23 about it?
24 A. Well, I don't know much. That's about --
25 Q. Well --
00048:01 A. -- the extent of it.

Page 48:08 to 48:10

00048:08 Q. (By Mr. Summy) Well, give us your
09 understanding of what pore pressure means, in
10 general.

Page 48:12 to 49:07

00048:12 A. Pore pressure is the -- the pressure
13 inside of a set of rocks in the subsurface.
14 Q. (By Mr. Summy) And isn't it true that if
15 pore pressure is not controlled during the

16 drilling process, it can create a safety problem?
 17 MS. WILMS: Objection, form.
 18 A. Well, I'm not a -- I'm not a Drilling
 19 Engineer, and I'm not a safety expert. I --
 20 Q. (By Mr. Summy) I'm -- I'm not asking you
 21 any question as if you're an expert. I'm asking
 22 you in general terms. You've been in this
 23 industry for decades. Isn't it true that pore
 24 pressure can create a safety issue in drilling a
 25 well if it's not controlled?
 00049:01 MS. WILMS: Object to form.
 02 A. I'd say in any well it could.
 03 Q. (By Mr. Summy) That's correct. And, in
 04 fact, it can -- if it's not controlled, pore
 05 pressure can create an explosion, correct?
 06 MS. WILMS: Object to form.
 07 A. I mean, that's possible.

Page 49:15 to 49:25

00049:15 Q. (By Mr. Summy) But pore pressure can lead
 16 to an event that causes bodily injury on a well
 17 site, agreed?
 18 MS. WILMS: Object to form.
 19 A. Yes.
 20 Q. (By Mr. Summy) And pore pressure can lead
 21 to an event that creates an environmental
 22 disaster, if it's not controlled on a well site,
 23 correct?
 24 MS. WILMS: Object to form.
 25 A. Yes.

Page 50:02 to 50:09

00050:02 Q. (By Mr. Summy) And my question to you is:
 03 In discussions at Anadarko that you were involved
 04 in --
 05 A. M-h'm.
 06 Q. -- related to the Macondo Well prospect,
 07 did you have any discussions with your Team or
 08 Team members about pore pressure or frac
 09 gradient?

Page 50:11 to 50:14

00050:11 A. No.
 12 Q. (By Mr. Summy) Did you have any
 13 discussions related to well control issues on the
 14 Macondo Well site?

Page 50:16 to 50:20

00050:16 A. No.

17 Q. (By Mr. Summy) Did you have any
 18 discussions at all related to the fact that there
 19 was a narrow drilling margin involved in drilling
 20 this well?

Page 50:22 to 50:22

00050:22 A. No.

Page 51:10 to 53:06

00051:10 Q. (By Mr. Summy) Well, you've been in this
 11 industry for decades. What kind of risks exist
 12 when you try to drill a well in the deep waters
 13 of Gulf of Mexico?
 14 MS. WILMS: Object to form.

15 A. Well, my side of the expertise is on the
 16 geological parameters, so risk that we would
 17 address would be the risk that I talked about
 18 before. Does -- does our technical work address
 19 whether there's going to be hydrocarbons there,
 20 potentially, and will they return a commercial
 21 rate of return to the company.

22 Q. (By Mr. Summy) So you didn't involve
 23 yourself in risk beyond that?

24 A. No.

25 Q. Would you agree that the risk of a
 00052:01 blowout is certainly a major risk that exists in
 02 drilling any well in the deep waters of the Gulf
 03 of Mexico?

04 MS. WILMS: Object to form.

05 A. I -- I'm not a Drilling Engineer. I
 06 don't have the -- the expertise to -- to tell you
 07 that that's a risk or not a risk.

08 Q. (By Mr. Summy) Are you aware of what a
 09 blowout is?

10 A. Yes.

11 Q. What is it?

12 A. It's a loss of well control where
 13 reservoir fluids make it from the subsurface to
 14 the surface.

15 Q. And isn't it true that a blowout can
 16 cause -- can lead to a loss of life if it's not
 17 controlled on a well site?

18 MS. WILMS: Object to form.

19 A. Yes.

20 Q. (By Mr. Summy) And isn't it true that it
 21 can lead to damage to the environment if it's not
 22 controlled on a well site?

23 MS. WILMS: Object to form.

24 A. Yes.

25 Q. (By Mr. Summy) And my question is: Is in
 00053:01 reviewing and having discussions with Team
 02 Members related to the Macondo Well, did you have

03 any discussions with anyone at Anadarko who was
04 dealing with BP about how a blowout -- a
05 potential blowout on the Macondo Well would be
06 controlled?

Page 53:08 to 53:08

00053:08 A. No.

Page 57:22 to 58:13

00057:22 Q. Okay. My question to you is: What were
23 the general terms of the deal between Anadarko
24 and BP related to the Macondo Well?

25 A. The initial terms, the -- the final
00058:01 negotiated terms?

02 Q. Final negotiated terms?

03 A. Anadarko would assign its interests into
04 a few leases in the Western Gulf of Mexico to BP,
05 and in return a promote on Macondo would be
06 reduced to a third for a quarter and the promote
07 would be capped at the AFE plus 10 percent.

08 Q. Okay. I want to make sure that we have
09 this down for the record. Your understanding of
10 the final deal between Anadarko and BP on the
11 Macondo Well is, first, there will be an
12 assignment of several leases, correct?

13 A. Yes.

Page 58:21 to 59:24

00058:21 Q. Okay. So there was some assignment of
22 leases. And when that happens, would BP have
23 taken an interest in several of Anadarko's
24 leases?

25 A. I -- I don't remember the exact term of
00059:01 it. We either assigned all of our interest in
02 those leases or part of our interest in those
03 leases.

04 Q. Okay. And then secondly you said
05 one-third for a quarter. What does that mean?

06 A. You pay one-third of the well cost for a
07 one-quarter working interest up to a certain
08 dollar amount, and then you pay your straight
09 one-quarter for one-quarter.

10 Q. After you reach a certain dollar amount?

11 A. (Nodding.)

12 Q. And so you pay a third of the expenses in
13 exchange for a quarter of the revenue?

14 A. No. You --

15 Q. How does that work?

16 A. You -- your -- your revenue has -- has
17 got many other factors in it.

18 Q. Okay.
19 A. You pay a third of expenses for a quarter
20 interest in the well.
21 Q. And what does that mean "a quarter
22 interest in the well"?
23 A. 25 percent interest.
24 Q. But what -- what makes up the interest?

Page 60:01 to 60:04

00060:01 A. In this case I would view it as Anadarko
02 was investing in a BP Venture, and we would have
03 a 25 percent interest in whatever came out of the
04 venture --

Page 60:06 to 60:12

00060:06 A. -- in the form of a revenue stream.
07 Q. And -- and then do you recall what the
08 cap number was upon which you paid --
09 A. I --
10 Q. -- a third expenses?
11 A. I don't remember the exact AFE number,
12 but it's in the hundred million dollar range.

Page 60:16 to 60:20

00060:16 Q. Okay. And after that number is reached,
17 what happens?
18 A. Then there's no more promoted dollars
19 paid, and that refers strictly to the drilling of
20 the initial well.

Page 61:04 to 61:15

00061:04 Q. (By Mr. Summy) Okay. And what does
05 "promoted dollars" mean?
06 A. That is the dollar amount that you have
07 to pay buy into someone else's venture.
08 Q. Okay. And so after a particular cap is
09 met, then Anadarko was still responsible for
10 paying only 25 percent of the expenses rather
11 than a third --
12 A. Yes.
13 Q. -- and still receive 25 percent of the
14 interest in the well?
15 A. Yes.

Page 63:03 to 63:03

00063:03 (Exhibit No. 5545 marked.)

Page 63:07 to 63:08

00063:07 MR. SUMMY: And it has Anadarko
08 Bates label 36749.

Page 63:10 to 64:09

00063:10 Q. (By Mr. Summy) Okay. I'm focused on the
11 top E-mail dated November 20th, 2009, from
12 Darrell Hollek to a whole host of people,
13 including you.
14 And if you could, read this for the
15 record, please, this top E-mail.
16 A. "This is a real concern to me. One, we
17 don't understand what cost this is to BP and
18 their partners and secondly much of the capital
19 now will hit in 2010 rather than 2009. Not sure
20 where we are with giving approval to participate
21 but I think based on this new information that
22 has not been disclosed by BP we will need another
23 few weeks to make our decision to participate and
24 fully understand the commitment and timing.
25 Obviously this is important information and we
00064:01 need to understand the impact. Jim or Nick can
02 you help me understand where we are with BP at
03 this time. I am extremely disappointed that BP
04 has not disclosed this to us."
05 Q. Do you understand what he is talking
06 about here?
07 A. He's talking about the MARIANAS rig that
08 was on the well that was damaged in a tropical
09 storm and had to be moved off and repaired.

Page 65:14 to 65:17

00065:14 Q. (By Mr. Summy) I'm -- I'm just trying to
15 figure out why it is that Anadarko would have to
16 pay money to fix the MARIANAS, which is not even
17 owned by BP, to participate in the Macondo Well.

Page 65:19 to 65:19

00065:19 A. As I said before --

Page 65:21 to 65:23

00065:21 A. -- in general, when you sign up for an
22 investment like this, you sign up for the cost
23 from the spud-out to the TD.

Page 66:19 to 68:09

00066:19 Q. (By Mr. Summy) Let's go to Tab 7. Tab 7
 20 is a document that was previously marked as an
 21 exhibit. It's No. 1941, Anadarko Bates label
 22 41486, and I'm focused on the top E-mail.
 23 A. (Reviewing document.)
 24 (Discussion off the record.)
 25 Q. (By Mr. Summy) And if you could, this --
 00067:01 this is an E-mail dated November 24th, 2009. The
 02 "Subject" is "BP" -- "BP's Macondo (MC252) Well
 03 Cost Update." It is to Alan O'Donnell from Nick
 04 Huch. Do you see that?
 05 A. M-h'm.
 06 Q. Who is Nick Huch?
 07 A. Nick Huch is the Landman who worked the
 08 Miss -- Mississippi Canyon Area.
 09 Q. Okay. And who is Alan O'Donnell, who the
 10 E-mail is to?
 11 A. Alan O'Donnell was Darrell's Area
 12 Supervisor for Mississippi Canyon.
 13 Q. Okay. And you're cc'd on the document,
 14 correct?
 15 A. Yes.
 16 Q. If you could, read this E-mail for the
 17 record.
 18 A. "Alan -- for purposes of re-running
 19 economics, let me clarify for you the deal terms
 20 and our cost bearing percentage. APC bears 33.33
 21 percent of the first \$105.71 million (being 110
 22 percent of \$96.1 million original AFE) plus 25
 23 percent of all costs thereafter. So, therefore:
 24 In 2009, APC's net cost share will be (.3333)
 25 (8)" -- "times (\$80 million) equals \$26.67
 00068:01 million. In 2010, APC's net cost share will be
 02 (.3333) times (\$25.71 million, plus (.25) times
 03 point" -- "(\$24.29 million) equals \$14.64
 04 million. Total equals 41.6" -- "\$41.31 million
 05 net to APC on an estimated \$130 million gross
 06 well cost. Let me know if you have any questions
 07 about that."
 08 Q. Is this -- are these calculations your
 09 understanding of how the deal was going to work?

Page 68:11 to 69:25

00068:11 A. Yes.
 12 Q. (By Mr. Summy) And so Anadarko would bear
 13 a third of the cost for the first 105.71 million?
 14 A. Yes.
 15 Q. And the calculation there is because
 16 that's 110 percent of the original 96.1 million
 17 that was the original AFE?
 18 A. Yes. That's what the cap was based on.
 19 Q. Okay. And then once the cap is reached,
 20 Anadarko would share 25 percent of the cost
 21 thereafter?

22 A. Yes.
 23 Q. And in exchange, Anadarko would get 25
 24 percent working interest in the well, correct?
 25 A. Yes.
 00069:01 Q. Okay. Let's go to Tab 9. Tab 9 was
 02 previously marked as Deposition Exhibit No. 2825,
 03 has a BP Bates number on it, 02319125.
 04 Are you familiar with this document?
 05 A. No, I've never seen this.
 06 Q. Okay. It is titled the "MACONDO PROSPECT
 07 WELL PARTICIPATION AGREEMENT DEEPWATER GULF OF
 08 MEXICO." Do you see that?
 09 A. Yes.
 10 Q. Are you familiar with this type of
 11 document?
 12 A. I wou -- I would never read Well
 13 Partic -- Well Participation documents. We had
 14 one for every well where we had a Joint Venture,
 15 but that was the job of our Land and Legal
 16 Department, so I didn't review these at all --
 17 Q. Okay.
 18 A. -- or read them.
 19 Q. Okay. Did you -- would this have ever
 20 come to your attention after it was signed?
 21 A. Only that we signed it.
 22 Q. Okay. And is it your understanding that
 23 Anadarko entered into a Well Partishipation --
 24 Well Participation Agreement with BP for the
 25 Macondo Well?

Page 70:02 to 70:08

00070:02 A. Yes.
 03 Q. (By Mr. Summy) Okay. And the deal terms
 04 involved Anadarko having a working interest in
 05 the Macondo Well, correct?
 06 A. Correct.
 07 Q. What is your understanding of what that
 08 means?

Page 70:11 to 70:12

00070:11 A. What a "working interest" means?
 12 Q. (By Mr. Summy) Yes.

Page 70:14 to 70:18

00070:14 A. You have an -- an interest in the well.
 15 You pay your working interest share of the
 16 expenses. You get your working interest share of
 17 the revenues, less any burdens that are on that
 18 revenue stream.

Page 73:08 to 73:15

00073:08 Q. (By Mr. Summy) Okay. If you could, turn
09 to Tab 10. This is a document that is -- has
10 been previously marked Exhibit 1919. Do you see
11 that?
12 A. Yes.
13 Q. And it's dated -- I believe it's August
14 28th, 2009, at the top?
15 A. M'm, yes, I see that.

Page 74:23 to 75:09

00074:23 Q. Okay. Let's go back to Tab 10, Exhibit
24 No. 1919. This is a document that is signed by
25 you, correct?
00075:01 A. Yes.
02 Q. It has your title, "Vice President of
03 Exploration Gulf of Mexico," correct?
04 A. Yes.
05 Q. And it's dated December 17th, 2009,
06 correct?
07 A. Yes.
08 Q. And what is it that this document does on
09 behalf of Anadarko, which you signed?

Page 75:11 to 75:14

00075:11 A. It states that the estimated gross well
12 cost is going to be \$96.1 million and that we
13 will bear a certain working interest on -- in it
14 that will end up in a -- in a cost to us.

Page 77:12 to 77:24

00077:12 Q. And as far as the objective depth, the
13 objective depth was something that was set forth
14 by BP?
15 A. In their -- yeah, they were already
16 drilling the well, so they -- they established
17 the TD and what the objective depths would be.
18 Q. Okay. And under the Well Participation
19 Agreement that we had looked at, which is Exhibit
20 2825, it obligates Anadarko to participate on the
21 cost side of the well until the objective depth
22 is met, correct?
23 A. Yes.
24 Q. All right. And if you would turn to Tab

Page 78:01 to 78:02

00078:01 as Exhibit 1243. And it's an Anadarko --
02 Anadarko Bates label 30610.

Page 78:04 to 78:21

00078:04 Q. This is a document that's titled
 05 "RATIFICATION AND JOINDER OF OPERATING AGREEMENT
 06 MACONDO PROSPECT." Do you see that?
 07 A. Yes.
 08 Q. If you look down at the bottom, it sets
 09 forth the working interest ownership percentages
 10 among the different companies related to the
 11 Macondo Well. Do you see that?
 12 A. Yes.
 13 Q. And if you could, read those working
 14 interests, the companies and percentages, for the
 15 record?
 16 A. "BP EXPLORATION & PRODUCTION INC.," 65
 17 percent, "MOEX OFFSHORE 2007 LLC," 10 percent,
 18 "ANADARKO E&P COMPANY LP," 22.5 percent,
 19 "ANADARKO PETROLEUM CORPORATION," 2.5 percent.
 20 Q. Why is it that Anadarko split up its
 21 percentage among two different companies?

Page 78:23 to 78:25

00078:23 A. I don't know the -- the reason why.
 24 Q. (By Mr. Summy) What was the difference
 25 between Anadarko E&P versus Anadarko Petroleum?

Page 79:02 to 79:09

00079:02 A. To -- to my level and my Group, there's
 03 no difference. We are Anadarko Petr -- Petroleum
 04 Corporation.
 05 Q. (By Mr. Summy) Do you have any
 06 understanding as to why Anadarko Petroleum
 07 Corporation was only assigned 2.5 percent, and
 08 the bulk of the interest, 22.5 percent, was given
 09 to Anadarko E&P Company?

Page 79:11 to 79:18

00079:11 A. No. That's a Land and Legal issue, and
 12 that's something that they determined.
 13 Q. (By Mr. Summy) Okay. And if you look on
 14 the back of the first page of Exhibit 1243, you
 15 can see that Anadarko Petroleum Corporation and
 16 Anadarko E&P signed the Operating Agreement. Do
 17 you see that?
 18 A. Yes.

Page 79:20 to 80:04

00079:20 A. Yes.
21 Q. (By Mr. Summy) And it was signed by Steve
22 Wallace. Do you know who that is?
23 A. Yes.
24 Q. Who is that?
25 A. He is a Landman in our Gulf of Mexico
00080:01 Land Group.
02 Q. Okay. And he signed it on behalf of both
03 Anadarko companies, correct?
04 A. Yes.

Page 81:10 to 81:16

00081:10 Q. As Head of Exploration at Anadar -- or
11 I'm sorry, as Vice President of Exploration of
12 Anadarko, for the Gulf of Mexico, and with
13 Anadarko owning a 25 percent working interest in
14 the Macondo Well, did you expect BP to have a
15 good Plan of action in the event there was a
16 blowout on the Macondo Well?

Page 81:19 to 81:25

00081:19 A. I would say, again, that's outside my
20 role as Vice President of Exploration, but I
21 would expect any Operator to do that.
22 Q. (By Mr. Summy) And did you expect BP to
23 have readily available equipment that was capable
24 of controlling a blowout in the event one
25 occurred?

Page 82:03 to 82:06

00082:03 A. I just clarify for you, I didn't follow
04 the operations, and I wasn't -- didn't review the
05 operations. That's a general thing that I would
06 expect of any Operator.

Page 82:13 to 82:20

00082:13 Q. Right. But certainly, as Vice President
14 of Exploration for Anadarko, and having signed
15 the AFE on behalf of the company, that allowed
16 this Project to go forward, you would have
17 expected BP, who was the Operator, to certainly
18 have readily available equipment that was capable
19 of controlling a blowout on the Macondo Well in
20 the event one occurred, correct?

Page 82:23 to 82:24

00082:23 A. Yes, I would expect BP, as Operator, to

24 do that.

Page 83:12 to 83:19

00083:12 Q. (By Mr. Summy) Okay. Let me go back and
13 clarify one thing for the record. If you will,
14 if you look at -- look at Tab 7 real quick, it is
15 Deposition Exhibit No. 1941. This is the E-mail
16 that you and I looked at that you were cc'd on
17 from Nick Huch to Alan O'Donnell that sets forth
18 the financial arrangement of the deal between BP
19 and Anadarko on the Macondo Well, correct?

Page 83:21 to 84:11

00083:21 A. Yes.
22 Q. (By Mr. Summy) Is this, to your
23 understanding, a document -- certainly was
24 produced by Anadarko, but a document that
25 reflects an E-mail, and that E-mails like this
00084:01 are kept in the ordinary course of business by
02 Anadarko?
03 MS. WILMS: Object to form.
04 A. An E-mail like this may or may not be
05 kept.
06 Q. (By Mr. Summy) Certainly, it's -- it's an
07 E-mail on the Anadarko E-mail system?
08 A. Yes.
09 Q. And certainly the fact that it was
10 produced in this litigation means it was
11 obviously kept and produced by Anadarko?

Page 84:13 to 85:04

00084:13 A. Yes.
14 Q. (By Mr. Summy) Okay. If you will, go
15 to -- well, let me ask you this: After the AFE
16 was signed by you, and after Anadarko signed the
17 Well Participation Agreement and the Operating
18 Agreement, which we've taken a look at, did you
19 have any further involvement with the Macondo
20 Well?
21 A. My involvement was pretty peripheral.
22 As -- it was an exploration well, and as such, I
23 reported on it in our weekly Exploration meeting
24 with my boss, so I would get a tracking progress
25 update every Monday on the depth of the well, and
00085:01 I would make a very brief report at that meeting
02 on where the well was progressing towards
03 reaching total depth. That was pretty much my
04 involvement.

Page 85:10 to 86:07

00085:10 (Exhibit No. 5546 marked.)
 11 THE COURT REPORTER: 5546.
 12 Q. (By Mr. Summy) This is a document that is
 13 being marked as Deposition Exhibit 5546, produced
 14 by Anadarko, Bates label 4115. This appears to
 15 be -- look -- focusing on the top E-mail, appears
 16 to be an E-mail from Burton Forrest to Tim
 17 Trautman, and you were cc'd on the document,
 18 dated March 20th, 2010. Do you see that?
 19 A. Yes. Forrest Burton.
 20 Q. Okay. I'm sorry. Forrest Burton.
 21 A. (Nodding.)
 22 Q. And if you could, just read the first two
 23 sentences of that particular E-mail.
 24 A. "Just a heads up on Macondo. As of this
 25 mornings report BP is currently prepping to run
 00086:01 the 13 5/8" casing "at 13,150'" measured depth
 02 "after completing the bypass operations around
 03 stuck drill pipe."
 04 Q. Did you become aware during the course of
 05 the drilling of the Macondo Well that BP was
 06 struggling with well control issues throughout
 07 the drilling process?

Page 86:09 to 86:12

00086:09 A. I don't know if I'd say I was aware that
 10 throughout the drilling process they -- I knew
 11 they had a -- some lost circulation zones that
 12 they were dealing with, at about this depth.

Page 88:23 to 89:21

00088:23 Q. Deposition Exhibit No. 5547, also an
 24 Anadarko document with Bates label 9518, and I'm
 25 focused on the top E-mail.
 00089:01 A. M-h'm.
 02 Q. It is a -- an E-mail dated April 19th
 03 2010, which is a day before the Macondo
 04 explosion. It's from Paul Chandler to Tim
 05 Trautman and Stuart Strife. Do you see that?
 06 A. Yes.
 07 Q. And The "Subject" is: "Any Update on
 08 Macondo?"
 09 A. Yes.
 10 Q. If you could, read the first two
 11 sentences, please.
 12 A. "Tim, First, I don't know either why BP
 13 has stopped sending reports on Macondo."
 14 Q. And then the next sentence?
 15 A. "I don't know yet whether the last casing
 16 string has been run or not. I will try to"
 17 get -- "I will try to track that down this

18 morning."
19 Q. Okay. Did there come a time in the
20 Project when Anadarko was having trouble getting
21 updates on the well by BP during this time frame?

Page 89:24 to 90:16

00089:24 A. Well, I don't know that exactly. I was
25 peripheral to it. And this, for example, is in
00090:01 response to the obligation that I had to just
02 give a tracking update on the well in the Monday
03 Morning Meeting. So whether they were having
04 difficulty getting Reports or not in Darrell's
05 Group, I -- I do not know.
06 Q. (By Mr. Summy) Certainly, Paul Chandler's
07 communicating he -- he -- he -- he is
08 communicating that BP has stopped sending Reports
09 on Macondo --
10 A. He certainly --
11 Q. -- do you see that?
12 A. -- said that there, yes.
13 Q. And this is dated April 19th, 2010, which
14 is a day before the explosion at the Macondo,
15 correct?
16 A. Yes.

Page 91:02 to 92:16

00091:02 Q. If you would, take a look at Tab 18. I
03 want you to look at this document that is
04 titled -- that is marked Deposition Exhibit 4530,
05 and has a Bates label -- BP Bates label 126338.
06 A. (Reviewing document.)
07 Q. Okay. If you could, this is -- this is a
08 document that is dated April 13th, 2010, a week
09 prior to the Macondo explosion. Its "Subject"
10 line is: "Macondo TD." It's to Michael Beirne,
11 from Robert Bodek. And Mr. Bodek is describing
12 the scene at the well site. And if you could,
13 it's kind of hard to find, but more than halfway
14 down, it's -- there's a sentence that says: "We
15 had one major problem..." It starts with "We had
16 one major problem," and it's easier to find if
17 you look down the right side of the document.
18 A. Yes.
19 Q. You see it?
20 A. M-h'm.
21 Q. If you could, I want you to read about
22 the next four or five sentences there for the
23 record.
24 A. "The sand that we took the initial GeoTap
25 pressure in was measured at 14.15ppg. The
00092:01 absolute minimum surface...weight we could use to
02 cover the pore-pressure in this sand was" four --

03 "14.0ppg. This would give us approximately a
 04 14.2ppg ESD over the aforementioned sand. If we
 05 were to drill ahead with a 14.0 surface mud
 06 weight/" over "14.2 ESD, our equivalent
 07 circulating density (ECD) would be approximately
 08 14.4-14.5ppg."

09 Q. And the next two sentences?

10 A. "We had already experienced static" loss
 11 "with a 14.5ppg ESD! It appeared as if we had
 12 minimal, if any, drilling margin."

13 Q. Okay. Did you become aware at any time
 14 that BP had ran out of drilling margin about a
 15 week prior to the Macondo explosion at the
 16 Macondo Well?

Page 92:18 to 92:18

00092:18 A. No.

Page 92:21 to 93:05

00092:21 Q. (By Mr. Summy) Okay. And if you would,
 22 read the last two sentences of this particular
 23 document.

24 A. "At this point it became a well integrity
 25 and safety issue. TD was called at 18,360 feet"
 00093:01 measured depth.

02 Q. Were you aware that BP had stopped short
 03 of the objective depth and -- that was set forth
 04 for this particular well because it had ran out
 05 of drilling margin?

Page 93:07 to 93:21

00093:07 A. Not until I got my weekly update.

08 Q. (By Mr. Summy) When do -- when did you
 09 get your weekly update?

10 A. Well, I would -- would have gotten that
 11 later on in the week.

12 Q. And would that have been prior to the
 13 explosion or after the explosion?

14 A. Prior.

15 Q. And what do you recall getting?

16 A. I don't really remember, just that they'd
 17 TD'd the well and the TD was 18,000-plus feet,
 18 the -- the depth they would have given me.

19 Q. Were there any questions in your Group as
 20 to why the well had not been drilled to the
 21 objective depth?

Page 93:24 to 93:24

00093:24 A. -- not that I recall.

Page 94:03 to 94:05

00094:03 MR. SUMMY: And we'll mark this as
 04 an exhibit.
 05 (Exhibit No. 5548 marked.)

Page 94:08 to 95:11

00094:08 Q. (By Mr. Summy) This is Deposition Exhibit
 09 5548, Anadarko document Bates label 8659. This
 10 is an E-mail to Tim Trautman from Paul Chandler.
 11 Mr. Strife is cc'd. It's dated April 10th, 2010.
 12 And the "Subject" is: "Macondo TD Reached." Do
 13 you see that?
 14 A. Yes.
 15 Q. And I'm focused on the second paragraph.
 16 If you could, read that for the record.
 17 A. "As far as the AFE TD requirement, BP has
 18 in their AFE that TD will occur at the first of
 19 19561 TVD SS or the first occurrence of the Rob L
 20 or a pressure change that would require another
 21 casing string. The first two requirements" have
 22 not ha -- the first two requirements "has not
 23 occurred," is what it says.
 24 Q. Okay.
 25 A. "The pressure change however may have
 00095:01 occurred at our last 25 feet before TD according
 02 to BP and this is what they will argue" as the
 03 "reason for...TD. Land would need to verify
 04 this."
 05 Q. Okay. So at this particular time,
 06 obviously, it's being discussed that the TD in
 07 the well was being called prior to the objective
 08 depth that's stated in the Well Participation
 09 Agreement and the AFE, agreed?
 10 MS. WILMS: Object to form.
 11 A. Yes.

Page 97:16 to 97:20

00097:16 Q. (By Mr. Summy) Do you know if Anadarko
 17 embarked on any sort of investigation as to how
 18 this spill occurred -- or how the explosion
 19 occurred?
 20 A. I do not know.

Page 99:05 to 99:08

00099:05 QUESTIONS BY MS. FLICKINGER:
 06 Q. Good morning, Mr. Strife. I'm Nancy
 07 Flickinger, and I represent the United States of
 08 America.

Page 101:07 to 101:09

00101:07 Q. Okay. We talked a little bit about an
08 AE&P. Have -- do you know -- can you identify
09 for me the business of AE&P?

Page 101:11 to 101:19

00101:11 A. By that you mean Anadarko Exploration &
12 Production?
13 Q. (By Ms. Flickinger) That's correct.
14 A. To me it was a subsidiary of Anadarko
15 Petroleum Corporation, and it was put together
16 for reasons that I don't know, that have to do
17 with Legal or Business.
18 Q. All right. Are -- were you an employee
19 of Anadarko Petroleum Corporation?

Page 101:21 to 101:23

00101:21 A. Yes.
22 Q. (By Ms. Flickinger) All right. Did you
23 have any role or involvement with AEP?

Page 102:01 to 102:06

00102:01 A. Well, I -- I didn't know when -- what --
02 what AEP was assigned to or what AP -- AEP wasn't
03 assigned to. Everything that we did, they
04 were -- from my perspective they're the same.
05 Q. Okay. So as far as you know, you weren't
06 an Officer of that subsidiary?

Page 102:09 to 102:09

00102:09 A. I was an Officer of the subsidiary.

Page 102:13 to 102:14

00102:13 A. Vice President of Exploration Gulf of
14 Mexico.

Page 102:17 to 102:18

00102:17 Q. Okay. And as an Officer, what
18 responsibilities did you have?

Page 102:20 to 102:24

00102:20 A. My responsibilities were strictly --
 21 strictly related to running the Exploration Group
 22 in the Gulf of Mexico.
 23 Q. (By Ms. Flickinger) So nothing unique
 24 with respect to AE&P?

Page 103:01 to 103:07

00103:01 A. No. It was -- fro -- from my perspective
 02 it was the same as APC, from what we did on a
 03 daily basis.
 04 Q. (By Ms. Flickinger) All right. Were
 05 there any regular meetings or Minutes that you --
 06 that were connected with AEP?
 07 A. No.

Page 103:10 to 105:01

00103:10 Q. (By Ms. Flickinger) All right. Okay.
 11 I'd like to -- first of all, we had talked a
 12 little bit this morning about the different
 13 leases that were exchanged as part of the
 14 transaction with BP to acquire the 25 percent
 15 Anadarko interest.
 16 A. (Nodding.)
 17 Q. Do you recall what those leases were,
 18 which leases were --
 19 A. I --
 20 Q. -- exchanged?
 21 A. I don't remember the exact lease numbers.
 22 I remember they were in the Western Gulf of
 23 Mexico in a different plate type and ID than what
 24 the Macondo Well was going to test.
 25 Q. Okay. Okay. I'd like to direct your
 00104:01 attention to Tab No. 10. This has been
 02 previously marked as Exhibit 1914, and it is --
 03 on the cover, it is an E-mail sent from Dawn
 04 Peyton to Robert Strickling, dated October 19th,
 05 2009, with the opening sentence: "Here is the
 06 presentation that we gave management." And then
 07 attached to that is a fairly detailed PowerPoint.
 08 And this has already been the subject of some
 09 testimony.
 10 Do you -- do you recall having meetings
 11 in connection with evaluation of the Macondo
 12 Prospect?
 13 A. Meetings to review it and to either
 14 approve or disapprove going forward with it.
 15 Q. Okay. And who on your Team was helping
 16 with the evaluation of Macondo?
 17 A. Nobody in my -- from my Team really
 18 worked on the evaluation. It was done out of
 19 Darrell Hollek's Group. So the Exploration Team
 20 was more just over viewing what they were doing.

21 And -- and our ultimate goal was to decide
22 whether we should move budget money from our
23 budget to their budget so they can participate in
24 the well.
25 Q. Okay. Did their methodology or analysis
00105:01 differ from Exploration's in any way?

Page 105:03 to 105:10

00105:03 A. I would say it didn't, because we had a
04 methodology that we pursued to evaluate every
05 Exploration opportunity we were in, and they
06 conformed to that.
07 Q. (By Ms. Flickinger) Okay. And that
08 methodology basically would take into account a
09 number of variables in terms of the likelihood of
10 hitting a pay zone, correct?

Page 105:12 to 105:24

00105:12 A. It would -- it would take all the
13 geological and engineering data that you could
14 gather from the area and build a model as to what
15 the possible outcomes could be. And, of course,
16 one of the hopeful possible outcome is that,
17 yeah, you'll find oil and gas.
18 Q. (By Ms. Flickinger) So there would be
19 like a geologic analysis based on all the
20 available data. And then would there also be a
21 financial analysis in terms of what the likely
22 payout might be?
23 MS. WILMS: Object to form.
24 A. Yes, there would be many of them.

Page 106:19 to 107:01

00106:19 Q. (By Ms. Flickinger) Okay. Can I direct
20 your attention to 41103, Page 41103. We had
21 talked earlier -- this morning you -- you had
22 talked earlier about some of the risks that were
23 evaluated and -- that were -- that were looked at
24 in connection with evaluating the Project.
25 Are those risks summarized here on -- on
00107:01 this page?

Page 107:03 to 107:09

00107:03 A. Well, that -- that's a BP document. So
04 that's their Risk Analysis. I don't remember
05 whether I saw this or not in the Presentation
06 they made to me, but our Team would have done a
07 similar analysis that would address the issues of
08 source, seal, charge, trap, data quality, things

09 like that.

Page 107:11 to 107:16

00107:11 A. So I don't know what they were trying to
 12 do with this, but we had a similar approach.
 13 Q. All right. Directing your attention to
 14 the next page, again, it looks as if -- oh, tell
 15 me what you see on Page 41104 in terms of what
 16 analysis is being performed.

Page 107:18 to 108:08

00107:18 A. This is the Anadarko form that our teams
 19 would construct when -- every time they evaluated
 20 an exploration opportunity.
 21 Q. (By Ms. Flickinger) Okay. And -- and
 22 what kinds of things are they evaluating?
 23 A. Source rock; migration of hydrocarbon;
 24 timing and pathways; reservoir components, is
 25 there a reservoir; closure, is the map reliable,
 00108:01 from a data perspective what are the risks that
 02 it's mapped wrong; and then the containment or
 03 seal components of the possible trap.
 04 Q. Okay. So that in -- the risks that are
 05 being evaluated here, consistent with what you
 06 said this morning, are mostly geologic risks,
 07 correct?
 08 A. Yes.

Page 108:19 to 109:10

00108:19 Q. Okay. Can you tell me what the Risk
 20 Consistency Team does?
 21 A. The Risk Consistency Team was a group
 22 of -- I don't know how many are there now but
 23 typically maybe four people, and they were dis --
 24 different disciplines, a Geologist or a
 25 Geophysicist, an Engineer, maybe two Geologists
 00109:01 and two Engineers; it -- it varied through time.
 02 It was kind of a developmental assignment within
 03 Anadarko for people as they advanced through
 04 their technical careers.
 05 And their role was to sit with the team
 06 that was evaluating the opportunity and go
 07 through this process of addressing each of these
 08 geological factors. And they would interact with
 09 the team to -- to decide whether something wo --
 10 had been appropriately risked.

Page 110:01 to 110:08

00110:01 Q. So were they sometimes brought in on the

02 Development side?
03 A. I don't know that they ever evaluated a
04 Development opportunity. I can't say whether
05 they did or they didn't. But they started as
06 a -- every one of our Exploration opportunities
07 were supposed to go through that team for
08 consistency.

Page 110:14 to 110:16

00110:14 Q. All right. Okay. And ultimately we
15 talked this morning about the hurricane damaging
16 the rig, correct?

Page 110:18 to 110:18

00110:18 A. Yes.

Page 110:21 to 111:10

00110:21 And -- and then there -- Anadarko went
22 back and looked at the numbers again and did a
23 similar analysis to ensure that it was -- it made
24 sense to go forward, correct?
25 A. Yes. But they would do multiple
00111:01 scenarios to make sure that it would go forward.
02 Q. All right. Do you want to explain that?
03 A. Well, it's -- it's -- these are complex
04 projects, and they have ranges of outcomes. So
05 to say they made a run, and that said, "Here's
06 the number, go forward" is a little misleading.
07 They -- they make runs over the range of
08 a -- possible outcomes and then that's
09 statistically put together to determine whether
10 or not it makes sense to go forward.

Page 111:18 to 111:20

00111:18 Q. Once the numbers changed and the costs
19 were increased on the rig, they went back and
20 they did a similar kind of analysis, correct?

Page 111:22 to 111:22

00111:22 A. On the -- on the commercial side.

Page 112:01 to 112:03

00112:01 Q. Right. And the decision was made to go
02 forward?
03 A. Yes.

Page 112:10 to 112:10

00112:10 (Exhibit No. 5549 marked.)

Page 112:23 to 113:22

00112:23 Q. (By Ms. Flickinger) Okay. And this is
 24 Bates No. APC_HEC1-000 4573 through 4577. And
 25 this is an E-mail thread that has to do with the
 00113:01 reevaluation of the Project based on increased
 02 costs after -- after the hurricane. So I'm
 03 just -- you can take a minute to read it, but I'm
 04 only going to ask on certain things, so maybe
 05 what I'll do is just read -- read things into the
 06 record, and you can respond.
 07 So I'm going to start on Page 4574, which
 08 is an E-mail from Pat Watson, dated December
 09 10th, to Nick Huch and Darrell Hollek, copied
 10 other people. And Pat Watson says: "Just got
 11 off the phone with Mark Hafle with BP. The" plus
 12 or minus \$30,000,000 "exposure for the Marianas
 13 repairs is probably a maximum. It could be" plus
 14 or minus four million "less as they have reduced
 15 their spread costs by releasing services."
 16 So did I read that correctly?
 17 A. Yes.
 18 Q. Okay. So in other words, although
 19 Anadarko did not initially hear about the damage
 20 to the rig, from BP, ultimately an Anadarko
 21 employee got on the phone and spoke with BP,
 22 correct?

Page 113:24 to 115:07

00113:24 A. I don't know whether he -- it says he
 25 just got off the phone, so -- but I hadn't seen
 00114:01 this E-mail before, so --
 02 Q. (By Ms. Flickinger) Okay.
 03 A. -- I mean, if -- I assume if he says he
 04 was on the phone, he was on the phone, but I
 05 don't have any --
 06 Q. Okay. And you don't have any independent
 07 memory one way or another of that?
 08 A. No. I know they were going to contact BP
 09 because we needed the numbers to be able to rerun
 10 the economics.
 11 Q. And eventually you were able to contact
 12 BP and get that information, correct?
 13 A. Someone in Darrell's Group did. I was --
 14 Q. Right.
 15 A. -- peripheral to the --
 16 Q. To the --
 17 A. -- to the process.

18 Q. -- analysis. Okay.
 19 And then on the first page, 4573, of this
 20 E-mail, there's an E-mail from Alan O'Donnell to
 21 Darrell Hollek, dated December 16th, and
 22 Mr. O'Donnell says: "Darrell, We reran the
 23 Macondo economics adjusting the initial well cost
 24 to" 131 million "and tweaking the timing...The
 25 economics did...change much and still look very
 00115:01 strong."
 02 Did I read that correctly?
 03 A. Yeah, you just left "as out per Pat's
 04 info below."
 05 Q. I'm sorry. "...as per Pat's info below."
 06 So ultimately, then, that financial analysis was
 07 repeated, correct?

Page 115:09 to 115:14

00115:09 A. Again, according to Alan's E-mail it was.
 10 Q. (By Ms. Flickinger) All right.
 11 A. I wasn't involved in whether they were
 12 doing it or redoing it.
 13 Q. All right. And then the E-mail above
 14 that --

Page 115:16 to 115:18

00115:16 Q. -- is from Darrell Hollek to Chuck Meloy,
 17 Bob Daniels, and Stuart Strife?
 18 A. (Nodding.)

Page 116:05 to 116:13

00116:05 Q. Okay. And Mr. Hollek says: "Stuart and
 06 I recommend that we participate in Macondo. The
 07 ecos are attached. Looks like BP is planning to
 08 get a rig in" February "to finish. Do you
 09 approve?" Correct?
 10 A. (Nodding.)
 11 Q. So in other words, you ultimately did
 12 join in the recommendation --
 13 A. Yes.

Page 118:24 to 119:02

00118:24 previously marked as Exhibit 1942. It's a Lease
 25 Exchange Agreement. And you understand correctly
 00119:01 that part of -- part of the overall transaction
 02 was to exchange certain leases, correct?

Page 119:04 to 119:12

00119:04 A. Yes.
05 Q. (By Ms. Flickinger) But you did not
06 participate in drafting or preparing this
07 document?
08 A. No. The first time I've seen it is right
09 here.
10 Q. Really? You didn't review it prior?
11 A. I don't review those kind of documents,
12 or I didn't in my role.

Page 119:15 to 119:17

00119:15 If you could go to Bates number -- Page
16 8506 of this exhibit, and it's "Exhibit
17 'A-1' - Description of Assigned Leases."

Page 119:19 to 119:23

00119:19 Q. And then on the next page, 8507, shows
20 the interest of the Parties, Pre-Exchange and
21 then Post-Exchange. Do you understand that these
22 are the leases that ultimately were subject to
23 the Agreement to exchange leases?

Page 119:25 to 120:02

00119:25 A. Again, I don't remember the exact
00120:01 numbers, but I know they were in Garden Banks and
02 Keathley Canyon and --

Page 120:04 to 120:09

00120:04 A. -- and that the deal involved exchanging
05 an interest in those -- in those leases.
06 Q. All right. As you look at these
07 properties, can you tell me, for the AEP
08 property, which is defined here, and for the APC
09 property, were those just leasehold interests --

Page 120:11 to 120:12

00120:11 Q. (By Ms. Flickinger) -- or were there any
12 wells on them?

Page 120:14 to 120:18

00120:14 A. I don't remember. I would -- I don't
15 believe there were any wells.
16 Q. (By Ms. Flickinger) You don't think there
17 were any wells.
18 A. I don't think so.

Page 121:07 to 121:08

00121:07 Q. Do you have any understanding of why AEP
08 was involved in the transaction?

Page 121:10 to 121:10

00121:10 A. No.

Page 121:13 to 121:15

00121:13 Q. Okay. Did you understand that AEP would
14 hold an interest and then reconvey that to
15 Anadarko Petroleum Corporation?

Page 121:17 to 121:20

00121:17 A. No.
18 Q. (By Ms. Flickinger) You had no
19 understanding?
20 A. No. I --

Page 121:22 to 122:07

00121:22 A. I didn't know how AEP or APC would be
23 treated or split out in -- in this. It was a
24 Land and Legal issue.
25 Q. (By Ms. Flickinger) I see. As far as you
00122:01 were concerned, there was a 25 percent share for
02 Anadarko Petroleum Corporation?
03 MS. WILMS: Object to form.
04 A. Yes.
05 Q. (By Ms. Flickinger) Okay. As part of the
06 Agreement with BP, Anadarko and BP entered into
07 the Joint Operating Agreement, correct?

Page 122:09 to 122:23

00122:09 A. Yes, there was a Joint Operating
10 Agreement.
11 Q. (By Ms. Flickinger) Okay. And did you
12 understand that pursuant to that Agreement there
13 were provisions whereby BP was obligated to
14 provide information to Anadarko?
15 MS. WILMS: Object to form.
16 A. Oh, I -- I didn't read the specific
17 Agreement, but in general, my knowledge is that
18 we have those kinds of terms in our Joint
19 Operating Agreements.
20 Q. (By Ms. Flickinger) Okay. And do you
21 have a general knowledge of what kind of

22 information the Operator typically will provide
23 to the nonoperator?

Page 122:25 to 123:09

00122:25 A. Yes.
00123:01 Q. (By Ms. Flickinger) Can you just identify
02 some of the categories of information that they
03 share.
04 A. In general, daily drilling information,
05 any data acquired in the well to evaluate the
06 well, mud logs, electric logs, drill stem tests,
07 if they're taken, any -- any evaluation tool
08 that's used.
09 Q. Daily Geologic Reports?

Page 123:11 to 123:13

00123:11 A. If they had a Mud Logger and a Geologist
12 on location, they would have sent daily Mud
13 Logger Reports or Geological Reports.

Page 124:01 to 124:08

00124:01 Q. (By Ms. Flickinger) Okay. If I were to
02 represent to you that this J -- JOA provided
03 realtime data, would that surprise you at all?
04 MS. WILMS: Object to form.
05 A. H'm, a -- again I don't know anything
06 about this Agreement. But realtime access was
07 becoming more and more part of the everyday
08 Operating Procedure.

Page 124:10 to 125:03

00124:10 A. For non-Operators.
11 Q. Let's flip to Tab 28. This has been
12 previously marked as Exhibit 1936, and it's an
13 E-mail from Robert Bodek, dated February 2nd, to
14 an individual at Halliburton. And he says:
15 "Jose, Could you please add the following
16 individuals to the access list to receive
17 real-time data via INSITEanywhere for the MC 252
18 #1 (Macondo) well?"
19 Do you see where I'm reading?
20 A. M-h'm.
21 Q. Okay. And then it identifies a number of
22 people in Anadarko Petroleum?
23 A. (Nodding.)
24 Q. Would this indicate to you that Anadarko
25 did have access to realtime data?
00125:01 MS. WILMS: Object to form.
02 A. I don't know what -- these people

03 aren't -- weren't in my Group.

Page 126:19 to 126:20

00126:19 Q. Did you hear any complaints about having
20 any problem getting information from BP?

Page 126:22 to 127:12

00126:22 A. Not really, up until that last E-mail
23 that we looked at before that suggested that we
24 hadn't gotten any Reports through the weekend.
25 Q. (By Ms. Flickinger) All right. Let me
00127:01 direct your attention to Tab 31. And this is an
02 E-mail from Paul Chandler to Tim Trautman, that's
03 dated --
04 A. (Nodding.)
05 Q. -- April 19th, 2010.
06 A. (Nodding.)
07 Q. And you're copied on this E-mail,
08 correct?
09 A. M-h'm.
10 Q. And who is Tim Trautman?
11 A. Tim Trautman was my Exploration Manager
12 for the Eastern Gulf of Mexico.

Page 128:02 to 128:08

00128:02 Q. (By Ms. Flickinger) Okay. This is from
03 Paul Chandler --
04 A. M-h'm.
05 Q. -- who is the person who authored the
06 E-mail that was marked previously this morning,
07 saying that he wasn't getting Daily Reports,
08 correct?

Page 128:10 to 128:23

00128:10 A. Yes.
11 Q. (By Ms. Flickinger) All right. And he's
12 saying now: "I spoke with BP a few moments again
13 and the drilling" -- "the drilling reports were
14 inadvertently dropped. They will be updated
15 within the next few minutes. As an update in the
16 meantime, the" nine and seven-eighths "by 7-inch
17 casing string is currently being run and is at
18 13,200 feet going in at this writing."
19 Did I read that correctly?
20 A. Yes.
21 Q. Okay. Does this show that Paul Chandler
22 just picked up the phone and called BP about the
23 missing Reports?

Page 128:25 to 129:02

00128:25 A. I don't know what he did, but he clearly
00129:01 communicated -- he's indicating that he
 02 communicated with them.

Page 129:09 to 129:12

00129:09 Q. (By Ms. Flickinger) All right. A --
 10 apart from that, do you have any instances where
 11 people complained about not getting information
 12 from BP?

Page 129:14 to 129:17

00129:14 A. I -- I don't recall any.
 15 Q. (By Ms. Flickinger) Okay. Moving on to
 16 another topic, you had authority to sign the AFEs
 17 associated with the Macondo Well, correct?

Page 129:19 to 130:04

00129:19 A. Yes, once the wells were approved.
 20 Q. (By Ms. Flickinger) All right. Can you
 21 describe to me, for each AFE, what the approval
 22 process would be within Anadarko, for this
 23 particular well?
 24 A. For it -- for the actual approval of
 25 going forth with the idea, or signing the
00130:01 paperwork to send it back to --
 02 Q. Well, was there a difference -- is -- is
 03 the initial AFE treated differently than the
 04 supplemental AFEs?

Page 130:06 to 131:02

00130:06 A. Relative to the paperwork, it -- the
 07 paperwork comes through separately. We -- we
 08 didn't have special meetings to sign paperwork.
 09 We -- the -- the Review Meeting was to "Here's
 10 the cost of the well, here's the analysis of the
 11 opportunity, here's why it makes sense or doesn't
 12 make sense to go forward, do you approve or
 13 disapprove?"
 14 Once you approve that, when the paperwork
 15 comes through it, "Is the number right?"
 16 "Yes."
 17 "Is the working interest right?"
 18 "Yes."
 19 Okay. Sign it, get it back to them.
 20 Q. (By Ms. Flickinger) Okay. So it's that
 21 latter one, I think, because we've already talked

22 about the initial --
23 A. M-h'm.
24 Q. -- evaluation of the Project. But for
25 the latter one, when an AFE came through, was
00131:01 there someone who approved the description of
02 what the AFE was for?

Page 131:04 to 131:17

00131:04 A. The Team that would -- was working it
05 would look at it, would come in through the Land
06 Department. The Landman would get with the Team,
07 they would look at it to make sure everything was
08 all right.
09 He would then bring it to me, if it was
10 an exploration well coming out of Exploration
11 dollars, and I would simply look at the working
12 interest, look at the total. "Is the description
13 okay?"
14 "Yes, yes, yes."
15 Okay. Because we'd already been through
16 the Review Process, it was just a matter of
17 numbers at that point in time.

Page 131:21 to 132:03

00131:21 Q. All right. And this Tab 64 has been
22 previously marked as Exhibit 1920. And it's a
23 cover letter dated February 18th, 2010, from
24 Anadarko -- from Nick Huch at Anadarko, to BP.
25 And on the -- on the next page is a "SUPPLEMENTAL
00132:01 AUTHORIZATION FOR EXPENDITURE."
02 And do you recall what the reason was for
03 this Supplemental AFE?

Page 132:05 to 132:19

00132:05 A. It -- it had to do, as I recall, with the
06 additional costs that were going to be required
07 for the rig repair. And I -- I don't know if
08 they had any lost circulation problems at that
09 time that it extended the drilling time of the
10 well at all.
11 Q. (By Ms. Flickinger) Okay. It's a little
12 hard to make out, but is this your signature for
13 Anadarko?
14 A. Yes.
15 Q. And did you sign both for Anadarko E&P
16 Company and for Anadarko Petroleum Corporation?
17 A. Yes.
18 Q. Is this the kind of -- is this a standard
19 record that Anadarko uses in its business?

Page 132:22 to 132:25

00132:22 A. -- one, this is a -- an Operator's AFE.
23 So per the Agreement, we would sign this and send
24 it back to them. We would keep a copy of this
25 along with other in --

Page 133:02 to 133:07

00133:02 A. -- internal documents.
03 Q. Okay. And so for your accounting
04 purposes, you would retain a copy of this?
05 A. We would keep this, and we would also
06 construct one of -- one of our own in our own
07 system --

Page 133:09 to 133:15

00133:09 A. -- to keep track of the budgetary dollars
10 and expenses.
11 Q. Thank you.
12 And then again, turn to Tab 66. This has
13 been previously marked as Exhibit 1921. And if
14 you turn to the last page in that exhibit, which
15 is ANA-MDL-00036 -- 30690.

Page 134:05 to 135:02

00134:05 Q. (By Ms. Flickinger) It's a little hard to
06 make out, but let me just try to read the
07 "PROJECT DESCRIPTION..." "This Second
08 Supplemental AFE includes additional funds to
09 finish the drilling, evaluation, and abandonment
10 of the Macondo exploration well as provided in
11 the original AFE...dated August 28th, 2009 and"
12 the "first Supplemental AFE" -- I'm skipping the
13 number -- "dated January 27th, 2010. The first
14 Supplemental AFE was exceeded due to unexpected
15 lost circulation and well control events
16 resulting in earlier than planned setting of the
17 16" and 13-5/8" casing strings. The well will
18 now require both the risked contingency liner
19 (11-7/8") and one additional contingency liner
20 (9-7/8") to reach" the "planned" total depth.
21 "Anticipated completion date is May 1st, 2010."
22 Did I read that correctly?
23 A. Yes.
24 Q. Does this indicate to you that Anadarko
25 was aware that there were lost circulation and
00135:01 well control events that required the earlier
02 setting of a couple of the planned casings?

Page 135:04 to 135:08

00135:04 A. Yes.
05 Q. (By Ms. Flickinger) Okay. And now, at
06 the time of this writing, the Parties knew that
07 you would have -- they would have to use
08 contingency liners, correct?

Page 135:10 to 135:20

00135:10 A. Well, I -- I think the knowledge was that
11 there could be a liner. It was possible that
12 there could be another liner required.
13 Q. (By Ms. Flickinger) To reach total depth?
14 A. Yes.
15 Q. Okay. And is this your signature here?
16 A. Yes.
17 Q. On -- and it's some behalf of both the
18 Anadarko E&P Company and Anadarko Petroleum
19 Corporation, correct?
20 A. Yes.

Page 136:05 to 136:07

00136:05 marked as Exhibit 4201. "Month of Operation:
06 January 2010," and it's a JI billing, joint
07 interest billing, correct --

Page 136:09 to 136:10

00136:09 Q. (By Ms. Flickinger) -- to Anadarko
10 Petroleum Corporation?

Page 136:15 to 136:19

00136:15 A. That's what it says.
16 Q. (By Ms. Flickinger) Okay. And then in
17 handwriting, it says: "Invoice Approved by
18 Stuart Strife and Bob Daniels February 25th,
19 2010"?

Page 136:21 to 136:22

00136:21 Q. Did I read that correctly?
22 A. Yes.

Page 137:07 to 137:11

00137:07 Q. So if I asked you what the procedure was
08 to verify invoices, you --
09 A. This one was probably of an amount and
10 was -- that they probably just needed my
11 signature and Bob Daniels' --

Page 137:13 to 137:13

00137:13 A. -- because of the amount of it.

Page 137:15 to 139:12

00137:15 A. Typically I wouldn't have to sign
 16 invoices for wells like this.
 17 Q. Because the amount would be a lower
 18 number and --
 19 A. Yes.
 20 Q. -- someone else could sign it?
 21 A. M-h'm.
 22 Q. All right. Let's look at Tab 38, and
 23 this was marked this morning. It's a -- an
 24 E-mail to Tim -- Tim Trautman from Forrest
 25 Burton, dated March 20th, 2010. And I really --
 00138:01 I can't -- I believe it was marked as 5546?
 02 MS. WILMS: You can also identify it
 03 by Bates number, which is 000004115 from
 04 Anadarko's production.
 05 MS. FLICKINGER: Thank you.
 06 A. (Reviewing document.)
 07 Q. (By Ms. Flickinger) Okay. Well, I'll
 08 just -- I'll just read it --
 09 A. (Nodding.)
 10 Q. -- and then we can talk about it. "Just
 11 a heads up on Macondo. As of this morning report
 12 BP is currently prepping to run the 13 5/8 inch
 13 casing" at thir -- "at 13,150 feet MD after
 14 completing the bypass operation around a stuck
 15 drill pipe. Not much will probably change
 16 between now and Monday morning but I can give you
 17 a quick update Monday. They will probably have
 18 ran and maybe cemented the 13 5/8 inch by then
 19 but probably not much more." Did I read that
 20 correctly?
 21 A. Yes.
 22 Q. Okay. Then it continues: "The 16 inch
 23 was originally (pre-drill) set to be run at
 24 12,500 MD and the 13 and 5/8 inch should have
 25 been run at 15,300 MD. They still have their
 00139:01 contingency 11 3/4 liner available (17,000 MD per
 02 plan) and could potentially burn a 9 5/8 inch
 03 (not in plan) before TD as well. Let me know if
 04 you have any questions."
 05 So this is an update that's being
 06 provided from Forrest Burton, who's in your
 07 Group, correct?
 08 A. Yes. He was in Tim Trautman's Group.
 09 Q. All right. To Tim Trautman?
 10 A. (Nodding.)
 11 Q. And they're reporting that there's

12 a st -- a -- a stuck drill pipe?

Page 139:14 to 140:05

00139:14 A. Yes.
 15 Q. (By Ms. Flickinger) Okay. Do you
 16 remember information of a kick in the well in --
 17 in March, around March 8th?
 18 A. No.
 19 Q. All right. Do you remember some delays
 20 associated with a stuck -- a stuck drill pipe?
 21 A. I would get these Weekly Reports, and it
 22 would say "Bypassing around stuck" dri -- "drill
 23 pipe," and that would be the -- as I said, it
 24 wasn't our well to follow, keep track of, so we
 25 would get weekly updates, typically, to -- to my
 00140:01 level.
 02 Q. Okay. But you --
 03 A. So --
 04 Q. -- would get information on -- on well
 05 control events of that magnitude, correct?

Page 140:07 to 140:11

00140:07 MS. WILMS: Object to form.
 08 A. -- only -- only to the extent that they
 09 stuck drill pipe and they're cir -- and they're
 10 bypassing around it, and that was the extent of
 11 it.

Page 140:20 to 140:24

00140:20 Q. Is -- is the fact that this information
 21 is being conveyed even though your Group does not
 22 closely track the well -- is that an indication
 23 that there were some concern about progress at
 24 the well?

Page 141:01 to 141:08

00141:01 A. No. I think Forrest Burton was just
 02 trying to be efficient and just writing out what
 03 he was told.
 04 Q. (By Ms. Flickinger) As you sit here
 05 today, do -- do you have any memory of the
 06 Macondo Well having well control issues, you
 07 know, that were kind of out of -- more frequent
 08 than other wells in your experience?

Page 141:10 to 141:13

00141:10 A. No, not really.

11 Q. (By Ms. Flickinger) You don't have any
12 recollection of any concern or consternation
13 about progress at the well?

Page 141:15 to 141:22

00141:15 A. No.
16 Q. (By Ms. Flickinger) Let's turn to the
17 next page, 39. This is a series of E-mails, so
18 Tab 39 --
19 MS. FLICKINGER: And we'll mark this
20 as -- what's the next exhibit?
21 MS. WILMS: 5550.
22 (Exhibit No. 5550 marked.)

Page 142:03 to 142:08

00142:03 Q. (By Ms. Flickinger) Okay. And this is a
04 series of E-mails sent in March, March 23rd. And
05 then attached to that is a dia -- a schematic.
06 A. (Nodding.)
07 Q. Do you recognize what that -- what that
08 plot is?

Page 142:10 to 142:15

00142:10 A. Well, I don't actually remember seeing
11 it, but it looks like a depth versus mud weight
12 gradient plot.
13 Q. (By Ms. Flickinger) Okay. Is this also a
14 way of -- at the top, it says "PP FG." Is it
15 information on PPFG?

Page 142:17 to 142:19

00142:17 A. Well, you're -- you're getting outside my
18 area of expertise, but this is something our
19 Drilling Engineers use to evaluate pressure.

Page 142:21 to 142:23

00142:21 A. Preplanning and while drilling wells.
22 Q. All right. And fracture gradient,
23 correct?

Page 142:25 to 143:19

00142:25 A. Yes, fracture gradient.
00143:01 Q. (By Ms. Flickinger) All right. All
02 right. Robert Quitzau is reporting at the bottom
03 E-mail thread that: "Good Morning Derek, BP got
04 an excellent shoe test on their 13-5/8 liner on

05 Macondo. If no weak zones are encountered, they
 06 have a chance of staying with their original
 07 casing size program to reach the objectives."
 08 And -- so I read that correctly, correct?
 09 A. Yes.
 10 Q. And then that E-mail gets forwarded from
 11 Derek Folger to you, correct?
 12 A. Yes. To Tim Trautman and then to me from
 13 Tim, I think.
 14 Q. Okay. Again, the fact that this
 15 information is being sent forward to you, is that
 16 an indication that people are concerned about
 17 progress at the well and the fact that casings
 18 are being set --
 19 A. No --

Page 143:21 to 144:19

00143:21 Q. (By Ms. Flickinger) -- sooner?
 22 A. No. It's just a weekly update to track
 23 progress of the well to TD.
 24 Q. All right. All right. Last one. Turn
 25 to Tab 41.
 00144:01 MS. FLICKINGER: And this will be
 02 Exhibit 55 --
 03 MS. WILMS: Exhibit 5551.
 04 (Exhibit No. 5551 marked.)
 05 Q. (By Ms. Flickinger) And the first E-mail
 06 is a Report from Paul Chandler to Alan O'Donnell,
 07 dated March 24th, with an update on Macondo.
 08 A. (Nodding.)
 09 Q. And then that's forwarded by Richard
 10 Hedley. Who is Richard Hedley?
 11 A. Richard was the Exploration Manager for
 12 the Western Gulf of Mexico.
 13 Q. Okay. And he reported to you, correct?
 14 A. Yes.
 15 Q. Okay. And it's forwarded by Richard
 16 Hedley to you on March 24th, and Mr. Hedley is
 17 saying: "Good progress being made at
 18 Macondo...keep your fingers crossed..."
 19 A. I'm not sure what he meant by that.

Page 144:24 to 145:01

00144:24 Q. -- as you sit here today, you don't have
 25 any memory of Richard Hedley being concerned
 00145:01 about progress at the well?

Page 145:03 to 145:07

00145:03 A. No. I think he was just hoping that they
 04 log pay eventually, but I have no idea what he

05 was think -- really --
06 Q. (By Ms. Flickinger) Okay.
07 A. -- thinking.

Page 145:10 to 146:06

00145:10 Q. (By Ms. Flickinger) If you could turn to
11 Tab 55. It's been previously marked as Exhibit
12 2328. Take a minute to read this.
13 This is a -- an E-mail from Michael
14 Beirne to Nick Huch. Michael Beirne is at BP.
15 And then Nick Huch forwards it -- it to Tim
16 Trautman, among other people.
17 And the BP E-mail says: "Gentlemen, Due
18 to safety concerns and wellbore integrity issues,
19 BP, as Operator, has deemed the Macondo
20 exploratory well as achieving Objective Depth at
21 18,360...feet. Having both loss zones and
22 comparatively over-pressured sands in the open
23 hole provided for little to no margin to continue
24 drilling. Currently, we are in the process of
25 evaluating the well in accordance with the
00146:01 approved well plan and AFE." Did I read that
02 correctly?
03 A. Yes.
04 MS. WILMS: Just one clarification.
05 It's "18,360 MD." You just left off the "MD,"
06 that's all.

Page 146:09 to 146:12

00146:09 Q. (By Ms. Flickinger) Does this refresh
10 your memory that Anadarko had information that
11 there were safety concerns and wellbore integrity
12 issues that led to the calling of total depth?

Page 146:14 to 146:17

00146:14 A. No. Again, my Group wasn't following the
15 operations. It was Alan O'Donnell's Group, and
16 they would have been getting whatever information
17 we got.

Page 148:13 to 150:03

00148:13 Q. Okay. Then turn to the next tab, which
14 is 53, and this has been previously marked as
15 Exhibit 1593. And this is an E-mail from Tim
16 Trautman to you, Monday, April 12th, in which
17 Mr. Trautman says: "FYI - this is feedback from
18 our joint" exploration-development "meeting held
19 today...." Correct?
20 A. Yes.

21 Q. And he's forwarding to you an E-mail from
 22 Paul Chandler to Robert Bodek. Do you know who
 23 Robert Bodek is?
 24 A. No.
 25 Q. And let me read you the E-mail. Maybe it
 00149:01 will become clear. He says -- Paul Chandler
 02 says: "Bobby, I wanted to follow up with you to
 03 see if BP has entertained the" ideal -- dea "of
 04 drilling deeper below our current TD after the 7"
 05 casing has been set. We discussed this briefly
 06 over the weekend and you were going to visit with
 07 your Exploration Manager about the proposal. We
 08 would support this position if BP was in
 09 agreement to proceed."
 10 Did I read that correctly?
 11 A. Yes.
 12 Q. All right. So does this refresh your
 13 memory at all that Bobby Bodek is an employee of
 14 BP?
 15 A. That's what it indicates, but I don't --
 16 Q. Okay.
 17 A. -- know who Bobby Bodek is.
 18 Q. All right. Does this exchange refresh
 19 your memory at all about discussions within
 20 Anadarko about asking BP to consider drilling
 21 deeper?
 22 MS. WILMS: Object to form.
 23 A. I -- I didn't even know they had the
 24 meeting the day before. Until Tim sent me this
 25 E-mail, I -- I didn't really know they were
 00150:01 discussing drilling deeper or whether they were
 02 satisfied with where they were. That was
 03 strictly Darrell's Group's call.

Page 150:14 to 150:14

00150:14 (Exhibit No. 5552 marked.)

Page 150:18 to 151:06

00150:18 Q. All right. And this is an E-mail from
 19 you to Bob Daniels dated Monday, April 19th,
 20 2010?
 21 A. (Nodding.)
 22 Q. Correct? And is this one of your regular
 23 updates of Mr. Daniels?
 24 A. Yes.
 25 Q. Okay. And in it you say: "Macondo
 00151:01 finished open hole evaluation; now running
 02 production casing."
 03 A. That's pretty much the extent of it.
 04 Q. So you were aware that at -- that -- you
 05 were aware of when they were running the
 06 production casing in April, correct?

Page 151:08 to 151:10

00151:08 A. I was aware that they had finished the
09 well and that they were going to go ahead and run
10 casing.

Page 151:24 to 152:02

00151:24 MS. FLICKINGER: I neglected to mark
25 Tab 31 as an exhibit, so at this time I would
00152:01 like to mark Tab 31 as our next exhibit, which is
02 5553.

Page 152:04 to 152:04

00152:04 (Exhibit No. 5553 marked.)

Page 152:15 to 152:18

00152:15 Q. We met briefly a few minutes ago, but my
16 name is Martin Boles. I'm with the Kirkland &
17 Ellis law firm representing BP. Thanks for being
18 here today.

Page 152:20 to 153:02

00152:20 Q. I want to go over a few things that you
21 testified about this morning.
22 You -- you -- you mentioned or you were
23 asked about other wells, deepwater wells where
24 Anadarko was the Operator. Were there other
25 deepwater wells that you were involved in where
00153:01 Anadarko was a co-owner and BP was the Operator,
02 besides Macondo?

Page 153:10 to 153:21

00153:10 Q. So were there other wells that you're
11 aware of where Anadarko had a working interest --
12 A. Yes.
13 Q. -- ownership, but where BP was the
14 Operator?
15 A. Yes.
16 Q. Were you involved in some of those?
17 A. Yes.
18 Q. Do you know what they were, like as in
19 the names?
20 A. It would have been Kaskida and Cortez
21 Bank.

Page 154:16 to 154:18

00154:16 Q. In the Kaskida and Cortez Bank wells, did
17 BP drill the well in a safe manner, as far as you
18 know?

Page 154:20 to 154:23

00154:20 A. As far as I know, yes.
21 Q. (By Mr. Boles) So going into the Macondo
22 Well, was it your belief that BP was a prudent
23 Opwa -- Operator of deepwater wells?

Page 154:25 to 154:25

00154:25 A. I'd say "yes."

Page 155:21 to 155:24

00155:21 Q. (By Mr. Boles) Okay. So when you talk
22 about expecting an Operator to have equipment
23 capable of controlling a blowout, do you know
24 what that equipment is?

Page 156:01 to 156:02

00156:01 A. No, not completely. I'm not a Drilling
02 Engineer.

Page 156:21 to 156:24

00156:21 Q. (By Mr. Boles) Do you have any knowledge,
22 as you sit here now, that BP did not have proper
23 equipment available to control a blowout on the
24 Macondo Well?

Page 157:01 to 157:05

00157:01 A. No.
02 Q. (By Mr. Boles) Does Anadarko use
03 Transocean drilling rigs for deepwater wells in
04 the Gulf of Mexico?
05 A. Yes.

Page 157:20 to 157:23

00157:20 Q. (By Mr. Boles) Do you know whether
21 Anadarko, when it operates deepwater wells in the
22 Gulf of Mexico, uses specialized contractors,
23 such as a cementing contractor?

Page 157:25 to 158:09

00157:25 A. Yes, we use contractor -- Anadarko uses
00158:01 contractors.
02 Q. (By Mr. Boles) Does it ever use
03 Halliburton for cementing work?
04 A. I can't tell you specifically that I know
05 of a well that Halliburton was used on, but
06 they're more than likely on the list of the
07 contractors.
08 Q. What about using a specialized contractor
09 for mud logging?

Page 158:11 to 158:11

00158:11 A. We used different Mud Loggers.

Page 159:12 to 159:22

00159:12 Q. You mentioned this morning the tracking
13 progress updates that you received with respect
14 to the Macondo Well. Do you remember that?
15 A. Yes.
16 Q. And then you passed a Report along to
17 your boss?
18 A. Yes.
19 Q. Is that Mr. Daniels?
20 A. Yes.
21 Q. And that was on a weekly basis?
22 A. It was weekly.

Page 159:24 to 160:01

00159:24 (Exhibit No. 5554 marked.)
25 Q. (By Mr. Boles) I'm going to hand you what
00160:01 has just been marked as Exhibit 5554.

Page 160:11 to 160:23

00160:11 Q. Have you had a chance to look at 5554?
12 A. Yes.
13 Q. Would this be an update sent to you by
14 your Manager, Mr. Trautman, in preparation for
15 your updates of your boss, Mr. Daniels, on the
16 Macondo Well?
17 A. Yes.
18 Q. You see where the entry on this document
19 for the Macondo Well says: "Still having lost
20 circulation problems at 12,350'?"
21 A. Yes.
22 Q. Do you remember getting reports of lost
23 circulation problems on the Macondo Well?

Page 160:25 to 161:03

00160:25 A. Yes.
00161:01 Q. (By Mr. Boles) It's not unusual in a
 02 deepwater well in the Gulf of Mexico to have lost
 03 circulation problems, is it?

Page 161:05 to 161:07

00161:05 A. Well, every well is different. Every
 06 well is uni -- a unique situation. But lost
 07 circulation is a common problem in general.

Page 161:09 to 161:15

00161:09 (Exhibit No. 5555 marked.)
 10 Q. (By Mr. Boles) So I'm going to hand you
 11 what has been marked as 5555?
 12 (Tendering.)
 13 A. (Reviewing document.)
 14 Q. You had a chance to look at that?
 15 A. Yes.

Page 161:22 to 163:02

00161:22 Q. (By Mr. Boles) I'm sorry.
 23 Looking at the first page, it appears to
 24 be an E-mail from you to someone named Rob Brown?
 25 A. Yes.
00162:01 Q. And then it says: "DEEPWATER GOM
 02 ACTIVITY REPORT for Daniels.doc"?
 03 A. Yes.
 04 Q. Who is Rob Brown?
 05 A. He was an Engineer who was assigned to
 06 Exploration who assembled the Weekly Reports and
 07 some documents for our boss, who was Bob Daniels.
 08 Q. And in the second page of this document,
 09 ending with the Bates numbers 8419 --
 10 A. I see it.
 11 Q. -- there -- there's an entry for the
 12 Macondo Well?
 13 A. (Nodding.)
 14 Yes.
 15 Q. So did you -- is this something that you
 16 wrote or copied into this Report from something
 17 that was reported to you about the Macondo Well
 18 at this time?
 19 A. Yes.
 20 Q. You see where it refers to
 21 "sidettracking"?
 22 A. Yes.
 23 Q. Do you know what that referred to in

24 terms of what happened at the Macondo Well?
25 A. I do not know the details of it. I know
00163:01 pipe was stuck; unable to free the stuck pipe,
02 had to set a plug and sidetrack the well.

Page 163:06 to 163:10

00163:06 Q. Would there be reports similar to 5555
07 that you prepared each week about the Macondo
08 Well and the other wells that your Group was
09 involved in?
10 A. Yes.

Page 163:12 to 163:13

00163:12 Q. (By Mr. Boles) And -- and that would be
13 for your boss, Mr. Daniels?

Page 163:15 to 164:10

00163:15 A. Yes. It was just a Tracking Report.
16 Q. (By Mr. Boles) And -- and he was the
17 Senior Vice President; is that correct?
18 A. Yes.
19 Q. As a result of any of those reports that
20 you sent to Mr. Daniels on a weekly basis, did he
21 ever express concern about the safety of the
22 Macondo Well?
23 A. No.
24 Q. Did he ever express concern that BP
25 wasn't drilling the well properly?
00164:01 A. No.
02 Q. Did -- did you ever have a concern based
03 on the information you compiled for these reports
04 that BP wasn't operating the well in a safe
05 manner?
06 A. No.
07 Q. Did you ever hear anybody at Anadarko
08 express a concern that BP wasn't operating the
09 well in a safe manner?
10 A. No.

Page 171:13 to 171:19

00171:13 Q. (By Mr. Boles) Did you have concerns
14 about the safety of how the well would be drilled
15 as a result of the cost increases?
16 A. Again, it wasn't my -- part of my duty to
17 worry about that.
18 Q. So you didn't have a worry about that?
19 A. I didn't.

Page 177:08 to 177:08

00177:08 (Exhibit No. 5558 marked.)

Page 178:24 to 178:25

00178:24 Q. So does -- do you know what this document
25 is, Exhibit 5558?

Page 179:02 to 179:06

00179:02 A. No.
03 Q. (By Mr. Boles) Okay. Have you ever seen
04 a document like this used by Anadarko as a
05 lead-in to a decision on a Supplemental
06 Authorization for Expenditure?

Page 179:23 to 179:24

00179:23 Q. (By Mr. Boles) Have you ever seen a
24 document like this?

Page 180:01 to 180:06

00180:01 A. Yes.
02 Q. (By Mr. Boles) Okay. Well, what is this?
03 A. This is an internal document that would
04 go into our electronic AFE System.
05 Q. As part of Anadarko's consideration of an
06 AFE proposed by an Operator?

Page 180:09 to 180:10

00180:09 A. -- no. More as a documentation of what
10 was approved.

Page 181:06 to 181:12

00181:06 Q. Well, did you ever hear any concerns
07 expressed by anybody at Anadarko about BP's Basis
08 of Design for the Macondo Well?
09 A. No.
10 Q. Or any concern about how they designed
11 the well?
12 A. No.

Page 182:25 to 183:04

00182:25 Q. And when I refer to "Halliburton"
00183:01 throughout the deposition here today, could I ask
02 you to understand also that I'm referring to

03 Sperry-Sun, as well, and answer accordingly?
04 A. Yes.

Page 185:09 to 185:18

00185:09 Q. Sure. When you talked about your -- your
10 work and your roles at --
11 A. Yes.
12 Q. -- at Anadarko this morning --
13 A. (Nodding.)
14 Q. -- you stated that your work addresses
15 whether there's going to be hydrocarbons there,
16 potentially, and will they return a commercial
17 rate of return to the company; is that correct?
18 A. Our Explora --

Page 185:20 to 186:01

00185:20 A. Yes. Our Exploration Team would --
21 Q. (By Ms. Richard) Okay.
22 A. -- do that.
23 Q. Okay. So that's -- that's what you did
24 in your role as the Exploration Manager and as
25 the Vice President of Exploration at Anadarko,
00186:01 correct?

Page 186:03 to 186:18

00186:03 A. Well, let me -- let me be clear with you.
04 I -- I didn't do interpretive work in that role.
05 I looked at other people's ideas and, along with
06 my group of Managers, decided from the work that
07 was done whether we should invest in any given
08 opportunity.
09 Q. (By Ms. Richard) Okay. And when you say
10 you "did not do interpretive work in that role,"
11 what do you mean by that?
12 A. I did not work with datasets, create
13 geological interpretations, maps, anything like
14 that.
15 Q. Okay. And would it be accurate, then, to
16 say that you did not look at wireline logging or
17 logs or -- or any of the data that would come
18 from the specific wells?

Page 186:20 to 187:05

00186:20 A. That would be accurate.
21 Q. (By Ms. Richard) Okay. So you didn't
22 personally follow the -- the logging, and it
23 wasn't part of your duties to review any of the
24 logging data or any of the litho -- lithology for
25 the Macondo, right?

00187:01 A. That's correct.
02 Q. Did you have Members of your Team who --
03 who did that work for the Macondo?
04 A. No. That was done out of Darrell
05 Hollek's Team --

Page 187:07 to 187:23

00187:07 A. -- and Alan O'Donnell's Team.
08 Q. All right. Did you ever see any data of
09 any sort from the Macondo Well that reflected the
10 logging that was done on the Macondo Well?
11 A. I saw a small section of the interpreted
12 log at -- post-drilling.
13 Q. And when you say "post-drilling," what
14 time frame are you talking about?
15 A. After the TD was reached and after the
16 logs were run. I can't tell you exactly what day
17 that I saw it, but --
18 Q. And what type of log was it that you saw?
19 A. It was a standard log with an SP curve.
20 Might have had a gamma ray curve instead of an
21 SP. I don't remember. Resistivity, gamma ray,
22 neutron, and then the Petrophysical Engineer's
23 interpretation.

Page 188:03 to 188:05

00188:03 Q. Okay. Is -- is what you're referring to
04 the type of log called a triple-combo log?
05 A. Yes.

Page 193:21 to 193:24

00193:21 Earlier in your deposition, you talked
22 about two aspects of what y'all do, and that is,
23 first, to determine whether hydrocarbons were
24 potentially present, right?

Page 194:01 to 194:07

00194:01 A. To determine whether there was the
02 potential for hydrocarbons to be there, yeah.
03 Q. (By Ms. Richard) All right. And then
04 next, once it's determined that hydrocarbons are
05 potentially there, you have to determine whether
06 those hydrocarbons will provide a commercial rate
07 of return to the company, correct?

Page 194:09 to 194:15

00194:09 A. We would have to determine whether we

10 thought that the series of outcomes that we
11 modeled would return a commercial rate to the
12 company.
13 Q. (By Ms. Richard) Okay. And is that what
14 y'all were doing on the Macondo, just like on any
15 well?

Page 194:17 to 194:22

00194:17 A. No. I -- my Group didn't do any of that
18 for Macondo.
19 Q. (By Ms. Richard) Okay.
20 A. My Group wasn't involved in the analysis.
21 Q. Is that what Anadarko was doing, though,
22 on the Macondo, to your knowledge?

Page 194:24 to 195:04

00194:24 A. Well, I know Darrell Hollek's Group did
25 it.
00195:01 Q. (By Ms. Richard) Okay. And they were --
02 Darrell Hollek's Group, then, was providing you
03 information, though, up -- through these weekly
04 updates that you already told us about, right?

Page 195:06 to 195:12

00195:06 A. Well, Darrell -- someone from Darrell's
07 Group would talk to someone in my Group and just
08 give me the sma -- little snippet of depth and
09 activity and --
10 Q. (By Ms. Richard) And throughout the
11 drilling process, someone from Anadarko was
12 following up and tracking the well, correct?

Page 195:14 to 195:23

00195:14 A. Well, I -- I can't as -- assume that,
15 because I don't know who exactly was working it
16 in Darrell's Group, but Darrell's Group was
17 responsible for tracking the progress of the
18 well.
19 Q. (By Ms. Richard) Okay. And fair enough.
20 Let me clear up that question.
21 Someone from Anadarko was tracking the
22 progress of the well and -- and tracking the --
23 the Drilling Operations, correct?

Page 195:25 to 196:12

00195:25 A. A person was tracking it. I don't know
00196:01 what -- to what extent.

02 Q. (By Ms. Richard) Okay. Now, before --
 03 before you gave the approval to proceed on the
 04 Macondo Well, y'all had determined that there
 05 were potential hydrocarbons to go after, right?
 06 MS. WILMS: Object to form.
 07 A. Yes.
 08 Q. (By Ms. Richard) And following that,
 09 the -- Anadarko continued to then determine or --
 10 or to foll -- track the well in order to
 11 determine whether those potential hydrocarbons
 12 were commercial, right?

Page 196:14 to 196:16

00196:14 A. I -- I don't know what that -- that
 15 Darrell's Team did to decide whether what was
 16 found was commercial or noncommercial.

Page 197:04 to 197:07

00197:04 Q. So the -- this well was different from
 05 other wells because the Exploration Team didn't
 06 work on it throughout, all the way throughout
 07 getting to total depth; is that right?

Page 197:09 to 197:25

00197:09 A. It was different for us, because it was
 10 an exploration well that was being operated -- or
 11 not being operated, but being watched by
 12 Development.
 13 Q. (By Ms. Richard) Okay. And does that --
 14 is that because the Macondo did not meet the
 15 Exploration goals, but did meet the Development
 16 goals?
 17 MS. WILMS: Object to form.
 18 A. I would say that's fair.
 19 Q. (By Ms. Richard) Okay. What were the
 20 Development goals in relation to the Macondo?
 21 MS. WILMS: Object to form.
 22 A. I can't tell you what their goals were.
 23 Q. (By Ms. Richard) Okay. What were the
 24 Exploration goals in relation to the Macondo,
 25 even though they weren't met?

Page 198:02 to 199:01

00198:02 A. Exploration was charged with looking for
 03 fields that could significantly add to Anadarko's
 04 reserve and production base in a five- to
 05 ten-year time frame out from the present time.
 06 So Macondo was small, it was being thought of as
 07 more like possibly a tieback to an existing

08 facility. So it -- it wasn't the type of thing
 09 that our Exploration goals were designed to add
 10 to the company.

11 Q. Did the fact that the prospect was small
 12 and did not meet the Exploration goals play any
 13 part in it being operated as a -- I'm sorry,
 14 in -- in -- in -- did it play any part in the
 15 decision to go forward with it, as a production
 16 well, as opposed to an exploratory well?

17 MS. WILMS: Object to form.

18 A. Well, I think, when we determined that it
 19 didn't meet Exploration's mission, then Darrell's
 20 Group had to make the determination whether it
 21 fit into what they were charged with doing, and
 22 they made that determination.

23 Q. And did that, in fact, make it all the
 24 more important, from an economic standpoint, for
 25 the well to then be put into service as a
 00199:01 producing well?

Page 199:03 to 199:08

00199:03 A. I don't know whether that had anything to
 04 do with their decision-making process.

05 Q. (By Ms. Richard) Do you know any of the
 06 factors that went into that decision-making
 07 process to put the Macondo into -- into service
 08 as a producing well?

Page 199:10 to 199:12

00199:10 A. No. My role was to just determine
 11 whether it met Exploration's objectives, and
 12 Darrell's Team's objectives were their own.

Page 200:05 to 200:05

00200:05 (Exhibit No. 5559 marked.)

Page 200:09 to 200:14

00200:09 Q. (By Ms. Richard) And let me just ask you
 10 one quick question about that. With regard to
 11 any of the specifics having to do with
 12 Exhibit 5559, would you be able to provide us any
 13 meaningful information or interpretation of this
 14 document?

Page 200:16 to 201:10

00200:16 A. No.

17 Q. (By Ms. Richard) Okay. To determine the

18 chances of commercial viability, you have to
 19 establish criteria for what's commercially
 20 viable?
 21 MS. WILMS: Object to form.
 22 A. Well, you certainly have to put a model
 23 together that determines whether you have a
 24 revenue stream that will offset your expenses in
 25 a -- through time, and create a commercial
 00201:01 venture.
 02 Q. (By Ms. Richard) Do you have to set
 03 criteria that address the geological parameters?
 04 A. You certainly model them.
 05 Q. Okay. And do you know who set those
 06 criteria for the Macondo? Was it BP or Anadarko?
 07 A. I do not know whether Alan's Team used
 08 BP's numbers or whether they created their own.
 09 Q. Do you know what the specific criteria
 10 for Macondo were --

Page 201:12 to 201:13

00201:12 Q. -- to determine whether it was
 13 commercially viable for Anadarko?

Page 201:15 to 202:04

00201:15 A. No.
 16 Q. (By Ms. Richard) Do you agree with me
 17 that a threshold is set for porosity and for
 18 water saturate -- saturation, to determine
 19 whether the hydrocarbon-bearing zone is a
 20 commercially viable zone? Correct?
 21 MS. WILMS: Object to form.
 22 A. Well, again, I'm not a Petrophysical
 23 Engineer, but there are many factors that go into
 24 that, and those are just a couple of them.
 25 Q. Okay. Does the threshold for the
 00202:01 commercial viability vary from well to well?
 02 MS. WILMS: Object to form.
 03 A. It can vary from well to well or zone to
 04 zone.

Page 202:20 to 203:09

00202:20 Q. (By Ms. Richard) Generally speaking,
 21 first, Anadarko looks for all hydrocarbon bearing
 22 sands. Is that correct?
 23 MS. WILMS: Object to form.
 24 A. Well, Anadarko is kind of a general
 25 thing, but you expect people who are working
 00203:01 areas to do their job, and part of their job is
 02 to evaluate things.
 03 Q. (By Ms. Richard) Well, would you agree

04 with me that part of the evaluation is to look
 05 for those hydrocarbon bearing zones, correct?
 06 MS. WILMS: Object to form.
 07 A. In general?
 08 Q. (By Ms. Richard) Yes.
 09 A. I'd say that, yes.

Page 204:01 to 205:21

00204:01 Q. (By Ms. Richard) Sure. Was it your
 02 expectation, in your job as the Exploration
 03 Manager and then as the Vice President of
 04 Exploration of the Gulf of Mexico, for your
 05 subordinates to look for all hydrocarbon bearing
 06 zones on any well that you were working on?
 07 MS. WILMS: Object to form.
 08 A. That wasn't a big focus for me. I was
 09 focused on other things. I expected people to do
 10 their -- the job they were hired to do.
 11 Q. (By Ms. Richard) Okay. Well, it's just
 12 that earlier this morning, when you testified
 13 that -- that there were these two focuses that --
 14 that y'all had, and one was to i -- identify
 15 hydrocarbon bearing zones, and the second was to
 16 determine whether they were commercially viable,
 17 I -- I -- I'm just asking if that's -- if that's
 18 all hydrocarbon bearing zones, or just some of
 19 them that people are looking for?
 20 A. Well, you're -- you're -- you're --
 21 MS. WILMS: Object to form.
 22 Go ahead.
 23 A. Yeah. You're -- you're kind of mixing
 24 apples and oranges --
 25 Q. (By Ms. Richard) Okay.
 00205:01 A. -- because my statement was relative to
 02 how somebody evaluates an Exploration idea. So
 03 you don't have a well drilled through it already
 04 with zones to evaluate. So their job, in
 05 Exploration, would be to try to model what zones
 06 could possibly hold hydrocarbons.
 07 Q. Okay. Great.
 08 A. And after you drill a well, that's a
 09 whole different story. That wasn't what we did.
 10 Q. Okay. So with regard to, once you had
 11 that well drilled, you couldn't tell me one way
 12 or another whether they were supposed to identify
 13 all the hydrocarbon bearing zones, or not?
 14 MS. WILMS: Object to form.
 15 A. I would -- the people we hired to do that
 16 job, part of their job was to determine whether
 17 there were hydrocarbons present or not.
 18 Q. (By Ms. Richard) Okay. And -- and that
 19 was their job responsibility, to determine the
 20 location and existence of all hydrocarbon bearing
 21 zones, correct?

Page 205:23 to 207:07

00205:23 MS. WILMS: Object to form.
 24 A. That was their job. I can't tell you
 25 whether they did or didn't do it.
 00206:01 Q. (By Ms. Richard) And then they would
 02 discern which of the hydrocarbon bearing zones
 03 that they did identify might be commercially
 04 viable by looking closely at the geological
 05 parameters; is that correct?
 06 MS. WILMS: Object to form.
 07 A. That, again, is a general description of
 08 the job Geologists and Petrophysical Engineers do
 09 together.
 10 Q. (By Ms. Richard) Would you agree there
 11 might be some sands, for example, that have
 12 hydrocarbons, but they have too much water to be
 13 commercially viable?
 14 MS. WILMS: Object to form.
 15 A. In general?
 16 Q. (By Ms. Richard) Yes, sir.
 17 A. In the Gulf of Mexico?
 18 Q. Yes, sir.
 19 A. Yes.
 20 Q. Okay. Because it's costly to produce
 21 hydrocarbons if there's too much water that has
 22 to be removed, right?
 23 MS. WILMS: Object to form.
 24 A. There are a lot of factors that can
 25 determine commerciality, but certainly that could
 00207:01 be one of them.
 02 Q. And I was just giving one -- one --
 03 A. Yeah.
 04 Q. -- example. Okay?
 05 A. That's possible.
 06 Q. All right. And any hydrocarbon bearing
 07 zone can flow, correct?

Page 207:09 to 207:16

00207:09 A. I don't know if I'd agree with that.
 10 Q. (By Ms. Richard.) Well, it's not just the
 11 commercially viable hydrocarbon bearing zones
 12 that have the potential to flow; is -- would you
 13 agree with that?
 14 A. I would --
 15 MS. WILMS: Object to form.
 16 A. I would agree with that.

Page 209:20 to 210:06

00209:20 Q. Good afternoon, Mr. Strife. As you know,

21 I am Nancy Wilms, and I'm going to hand you
22 what's been marked as Exhibit 5550. (Tendering.)
23 Do you recall being shown this earlier today?
24 A. (Reviewing document.) Yes.
25 Q. And looking at the attachment, the second
00210:01 page of that document, do you know the purpose
02 for which the attachment was created?
03 A. No.
04 Q. And do you know how it was used by
05 Anadarko?
06 A. No, I don't.

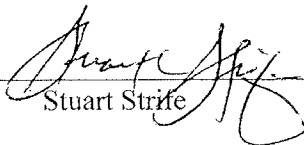
ERRATA SHEET

DEPOSITION OF STUART STRIFE October 5, 2011

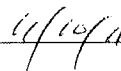
In Re: Oil Spill by the Oil Rig DEEPWATER HORIZON in the Gulf of Mexico, on April 20, 2010

<u>Page</u>	<u>Line</u>	<u>Change</u>	<u>Reason</u>
9	11	"Alburg" to "Alburgh"	Transcription error
9	13	"Alburg" to "Alburgh"	Transcription error
14	17	"2000" to "2009" "the end of" to "into"	Transcription error
17	25	"Drilling" to "drilling"	Transcription error
18	1	"Operations" to "operations"	Transcription error
26	22	Delete "and"	Transcription error
27	1	"Business Plan" to "business plan"	Transcription error
32	3	"Object" to "Object to form"	Transcription error
36	20	"Budget" to "budget"	Transcription error
36	21	"Budget" to "budget"	Transcription error
56	7	"two" to "2"	Transcription error
57	8	"Anadarko,"" to "Anadarko," ""Assigns" to "assigns"	Transcription error
57	9	"of"" to "of"	Transcription error
57	10	""140" to "140"	Transcription error
57	12	"of"" to "of" ""994" to "994" "and"" to "and"	Transcription error


Signature: _____


Stuart Strife

Dated: _____



57	14	"25%" to "25%"	Transcription error
60	2	"Venture" to "venture"	Transcription error
62	18	"\$139" to "\$139" "which" to "which" "\$33" to "\$33"	Transcription error
62	19	"higher" to "higher"	Transcription error
62	21	"(Marianas)." to "(Marianas)."	Transcription error
69	14	"Joint Venture" to "joint venture"	Transcription error
71	18	Delete "exap"	Transcription error
76	13	"foraminnora" to "foraminifera"	Transcription error
76	14	"stratographic" to "stratigraphic"	Transcription error
78	16	"INC.," to "INC.,"	Transcription error
78	17	"MOEX" to "MOEX" "LLC," to "LLC,"	Transcription error
78	18	"ANADARKO" to "ANADARKO" "LP," to "LP,"	Transcription error
78	19	"ANADARKO" to "ANADARKO" "CORPORATION," to "CORPORATION," "percent." to "percent."	Transcription error
85	25	"mornings" to "morning's"	Transcription error
86	1	"13 5/8" to "13 5/8" "at" to "at" "13,150" to "13,150"	Transcription error

Signature: 
Stuart Strife

Dated: 11/10/11

86	2	“”after” to “after”	Transcription error
92	6	“weight/” to “weight” “”14.2” to “14.2”	Transcription error
92	10	“static” to “static”	Transcription error
92	11	“”with” to “with”	Transcription error
94	21	“requirements” to “requirements”	Transcription error
94	22	“”has” to “has”	Transcription error
94	23	“occurred,” to “occurred,”	Transcription error
95	2	“argue” to “argue”	Transcription error
95	3	“”reason” to “reason”	Transcription error
103	23	“plate” to “play” Delete “and ID”	Transcription error
104	20	“over viewing” to “overlooking”	Transcription error
117	24	Delete “nine”	Transcription error
124	8	“Operating Procedure” to “operating procedure”	Transcription error
127	21	“Weekly Monday Morning Meeting” to “weekly Monday morning meeting”	Transcription error
127	22	“Activity” to “activity”	Transcription error
130	9	“Review Meeting” to “review meeting”	Transcription error
130	15	Delete “it”	Transcription error
131	16	“Review Process” to “review process”	Transcription error
134	21	“”Anticipated” to “Anticipated”	Transcription error
159	8	“Operations” to “operations”	Transcription error

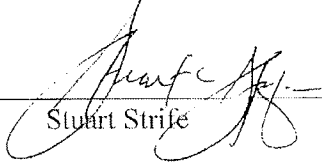
Signature:


Stuart Strife

Dated:

11/10/11

163	15	"Tracking Report" to "tracking report"	Transcription error
169	16	"Operations" to "operations"	Transcription error
172	9	Delete "--"	Transcription error
172	10	Delete "nee"	Transcription error
175	9	"problem" to "prospect"	Transcription error

Signature: 
 Stuart Strife

Dated: 11/10/11