

# Deposition Testimony of:

## **Michael Robertson**

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Page 12:01 to 12:04

00012:01 Q. Now, do you understand that you're here to  
02 testify on behalf of BP Exploration & Production  
03 Inc. today?  
04 A. I do.

Page 13:04 to 13:12

00013:04 Q. So if we could turn to Volume 2. You've  
05 got them all piled up. It's in Tab 185, and this  
06 has been previously marked as Exhibit 11804. If  
07 you could just take a look and see if you've seen  
08 this before.  
09 A. Yes, I have.  
10 Q. And do you understand that you're here to  
11 testify about Topic 7?  
12 A. Yes, with the exception of Item E.

Page 13:20 to 13:20

00013:20 (Marked Exhibit No. 12630.)

Page 13:23 to 13:25

00013:23 And is this the order that you were  
24 referring to? Yes?  
25 A. Pardon?

Page 16:19 to 16:21

00016:19 Q. And here, you're described as the GCRO  
20 Director of Finance and Performance Management?  
21 A. That's my current title.

Page 16:24 to 17:08

00016:24 What are your job responsibilities as  
25 the director of finance and performance management  
00017:01 at GCRO?  
02 A. My primary responsibility is the  
03 accounting, reporting, and control for the Gulf  
04 Coast Restoration Organization. I also have  
05 recently assumed responsibilities for performance  
06 management --  
07 Q. What does --  
08 A. -- for that organization.

Page 17:17 to 18:25

00017:17 Q. Who do you report to in your current  
18 position?

19 A. I work for Randy Latta.  
20 Q. And what's his position?  
21 A. He is CFO for Gulf Coast Restoration  
22 Organization.  
23 Q. Do you hold any other positions in  
24 addition to being the director of finance and  
25 performance management for the GCRO?  
00018:01 A. No.  
02 Q. So, for example, do you have any positions  
03 within BPXP?  
04 A. No formal positions with BPXP.  
05 Q. How about Mr. Latta, do you know if he  
06 holds any other positions in addition to being the  
07 CFO for the GCRO?  
08 A. I -- I know he's a director on the BPX&P  
09 board.  
10 Q. Do you know if he holds any positions as  
11 an officer, for example, of BPXP?  
12 A. Don't believe he's actually got a title as  
13 an officer, no. I'm not sure about that.  
14 Q. When did you take the position of director  
15 of finance and performance management at GCRO?  
16 A. Well, my first role was -- title was  
17 actually controller for Gulf Coast Restoration  
18 Organization, and I assumed that role late 2010 or  
19 June 2010. Several people within GCRO finance  
20 have redeployed back into the business. I've  
21 inherited recently a couple of other roles and  
22 appropriate to change the title to encompass some  
23 of the other activities I've -- I've assumed  
24 responsibility for, and that occurred probably 8  
25 to 12 months ago.

Page 19:04 to 20:17

00019:04 Q. Who is your current employer?  
05 A. I'm paid by BP America Production Company.  
06 Q. Now, do you hold any positions within the  
07 Gulf of Mexico SPU?  
08 A. No.  
09 Q. With respect to the BPXP financial  
10 statements that you reviewed in preparation for  
11 your deposition, were any of those prepared by  
12 you?  
13 A. All of those were prepared by me.  
14 Q. Is that true of both the Excel  
15 spreadsheets that are -- accompanied the financial  
16 reports?  
17 A. Yes.  
18 Q. And we were produced what's referred to as  
19 a trial balance. Did you prepare the trial  
20 balance?  
21 A. I did prepare the trial balance.  
22 Q. And do you maintain the trial balance as  
23 part of your job responsibilities?

24 A. The trial balance is just a report that I  
25 can run out of our existing financials and  
00020:01 reporting systems, so I wouldn't say that I  
02 necessarily maintain it. I -- I can report on it.  
03 Q. Do you routinely run reports from that  
04 system?  
05 A. Yes.  
06 Q. And for what purpose?  
07 A. On behalf of Gulf Coast Restoration  
08 Organization and to support the development of  
09 those BPX&P financial reports.  
10 Q. Do you know why you prepared the financial  
11 statements for BPXP as opposed to someone who  
12 holds a position within BPXP?  
13 A. I -- I was requested by my boss Randy  
14 Latta.  
15 Q. Do you know why you were asked to prepare  
16 them?  
17 A. I don't recall.

Page 20:20 to 20:25

00020:20 Q. (BY MS. HANKEY) Did -- did he tell you  
21 for what purpose he was asking you to prepare the  
22 financial statements?  
23 A. He just asked me to prepare those.  
24 Q. Do you know if anyone within BPXP prepares  
25 financial statements?

Page 21:02 to 21:02

00021:02 A. I'm not aware.

Page 23:14 to 24:03

00023:14 Q. Okay. Do you know who BPXP's parent is,  
15 the parent company?  
16 A. It's currently BP Company North America.  
17 Q. Did that change at some point?  
18 A. That was a recent change in end of 2013,  
19 early 2014.  
20 Q. Do you know why the parent company  
21 changed?  
22 A. No, I don't.  
23 Q. Now, your -- your current employer is BP  
24 America Production Company?  
25 A. BP America Production Company pays my  
00024:01 salary. That salary is charged into BPX&P.  
02 Q. So who do you consider to be your  
03 employer?

Page 24:05 to 24:08

00024:05 A. Well, again, BP -- BPAPC pays my salary,  
06 but my charges are billed then to BPX&P.  
07 Q. (BY MS. HANKEY) Do you -- do you consider  
08 BPXP to be your employer?

Page 24:10 to 25:02

00024:10 A. Again, B -- BPAPC pays my salary, and I'm  
11 charged then to BPX&P.  
12 Q. (BY MS. HANKEY) Do you know what BP  
13 America Production Company's operations include?  
14 A. It includes the number of onshore  
15 operating assets. There are several other  
16 activities. I believe some gas and trading  
17 activities resign on BPAPC.  
18 Q. Do they own any offshore assets?  
19 A. They do have some small ownership in some  
20 offshore assets.  
21 Q. Is that in the Gulf of Mexico?  
22 A. Yes.  
23 Q. Does -- do you know, is there an agreement  
24 under which your -- your services are charged from  
25 BP America Production Company to BPXP?  
00025:01 A. There is an operating services agreement  
02 between BPAPC and BPX&P.

Page 25:08 to 25:25

00025:08 Q. So are -- do you know if BPAPC provides  
09 services to any other BP entities?  
10 A. I can't say that for a fact, but I know  
11 BPAPC is a payroll entity and people work on  
12 different legal entities.  
13 Q. When you say that they're a "payroll  
14 entity," what are you re -- referring to?  
15 A. B -- BP America has several payroll  
16 entities, just really ease of use for employee --  
17 managing employee costs. BPAPC is one of those  
18 payroll companies. And we have automatic  
19 processes to charge out payroll-related costs to  
20 when people are working on different ownership and  
21 different entities.  
22 Q. Do you know who the other payroll entities  
23 are?  
24 A. BP Corp North America. That's the only  
25 other one I know.

Page 26:16 to 26:22

00026:16 Q. Do you know for the assets that BPXP owns  
17 in the Gulf of Mexico, do they own 100 percent of  
18 those assets?  
19 A. I don't know if they own 100 percent --  
20 well, they don't own 100 percent of all the

21 assets. They may own a hundred -- I don't believe  
22 they own 100 percent of any asset, but --

Page 26:25 to 27:03

00026:25 Q. Okay. And do the financial statements  
00027:01 reflect when BP only owns a portion of an asset?  
02 A. Yes. It would just reflect BPX&P's  
03 proportionate share of those assets.

Page 27:08 to 27:22

00027:08 Q. Sure. When -- when looking -- when  
09 looking at the financials, is there a way to  
10 determine what portion BPXP owns in each of the  
11 assets?  
12 A. Not looking specifically at the financial  
13 reports that I have generated.  
14 Q. What about at the trial ledgers, in the  
15 trial balance?  
16 A. The trial balance wouldn't yield that  
17 information either.  
18 Q. Do you know where you would find that  
19 information?  
20 A. You would have to further dig down into  
21 the -- our financial system. We also have  
22 records, legal records which indicate ownership.

Page 28:01 to 30:02

00028:01 Q. And do you know -- does BP America have  
02 any of its own operations?  
03 A. I'm not familiar with the operations of BP  
04 America.  
05 Q. Do you know if they own any assets in the  
06 Gulf of Mexico?  
07 A. No, they don't.  
08 Q. Directly?  
09 A. No, not directly.  
10 Q. The -- can you explain to me what the  
11 "Gulf of Mexico SPU" is?  
12 A. The Gulf of Mexico strategic business unit  
13 is a -- an operating entity established to manage  
14 the assets in the Gulf of Mexico.  
15 Q. And do you know what percentage of the  
16 Gulf of Mexico SPU, the assets are owned by BPXP?  
17 A. As reported in the BPX&P financial  
18 results, approximately 89 percent.  
19 Q. And do you know who are the other entities  
20 that own assets that are within the Gulf of Mexico  
21 SPU?  
22 A. BPAPC has a small ownership, and GoMH  
23 holdings has a -- an interest as well.  
24 Q. The -- the financial statements refer to a

25 set of UK entities that hold assets within the  
00029:01 Gulf of Mexico?  
02 A. Uh-huh.  
03 Q. Do you know who those UK entities are?  
04 A. Those UK entities were BP GoM Holdings  
05 assumed that ownership sometime back, so that's  
06 the current owner of those assets.  
07 Q. And do you know when GoMH Holdings assumed  
08 the assets of the B -- UK entities?  
09 A. I don't recall.  
10 Q. Is it recently?  
11 A. I think it was probably a couple years  
12 ago. I had referred to those as UK entities in  
13 the GoM -- or the BPX&P financial reports, but was  
14 advised that it was actually GoM Holdings -- GoMH  
15 Holdings was the owner.  
16 Q. When were you advised of this?  
17 A. I believe in the last quarter.  
18 Q. So is that -- is that reported in any of  
19 the financial statements that were produced?  
20 A. The one -- I know the one quarter BPX&P  
21 financial statements correctly reflects that. The  
22 ownership is the same. But I had just incorrectly  
23 labeled those as UK entities in previous reports.  
24 Q. And do you know what operations GoMH  
25 Holdings has?  
00030:01 A. Other than some ownership in some Gulf of  
02 Mexico assets, that's all I'm familiar with.

Page 30:08 to 30:23

00030:08 Q. Do you know if they're -- can you  
09 generally describe the assets that GoMH Holdings  
10 owns?  
11 A. Well, there are a number of assets in the  
12 Gulf of Mexico, THUNDER HORSE, MARS. I -- I --  
13 again, I couldn't tell you which -- I -- I can't  
14 recall which ones GoMH Holdings has an ownership  
15 in.  
16 Q. But -- so -- so -- so do they, for  
17 example, own a percentage of some of the  
18 platforms?  
19 A. They would have an ownership in -- in  
20 those leases.  
21 Q. Is it a partial ownership, or do they own  
22 100 percent of any of the assets?  
23 A. I believe it's a partial ownership.

Page 31:02 to 31:12

00031:02 (Marked Exhibit No. 12633.)  
03 Q. (BY MS. HANKEY) If you could just review  
04 the document to see if you're familiar it -- with  
05 it.  
06 A. I have seen this document.

07 Q. Okay. So do you know what this document  
08 is?  
09 A. It's a guarantee -- well, no. I'm sorry.  
10 I have not seen this document. This is BP America  
11 Production Company. I've seen a similar document  
12 for BP Exploration & Production.

Page 31:15 to 31:25

00031:15 (Marked Exhibit No. 12634.)  
16 Q. (BY MS. HANKEY) Okay. So what's this  
17 document?  
18 A. This document is a guarantee from BP Corp  
19 North America to the ben -- of -- on behalf of BP  
20 Exploration & Production related to the Oil  
21 Pollution Act oil spill financial responsibility.  
22 Q. And do you know why it was submitted by BP  
23 Company North America --  
24 A. Or I'm -- BP --  
25 Q. -- Corporation North America?

Page 32:05 to 32:06

00032:05 Q. (BY MS. HANKEY) And do you know what  
06 precisely this is guaranteeing --

Page 32:12 to 33:09

00032:12 A. I can't speak to the specific liabilities  
13 that this would cover.  
14 Q. (BY MS. HANKEY) Do you know who Randy  
15 Latta reports to?  
16 A. Randy Latta has a dual reporting  
17 relationship. One is to John Mingi, and the other  
18 is to Brian Gilvary.  
19 Q. Gilvary?  
20 A. Gilvary.  
21 Q. Can you spell that?  
22 A. G-I-L-V-A-R-Y.  
23 Q. And John Mingi is -- he's the -- the  
24 president and CEO of BP America, Inc.?  
25 A. I believe that's his title.  
00033:01 Q. And who is Brian Gilvary?  
02 A. The Group CFO.  
03 Q. And is that -- when you say "Group CFO,"  
04 he's the CFO for the BP Group?  
05 A. Correct.  
06 Q. And when -- as -- when -- for the entire  
07 period that you've been with the GCRO, have you  
08 always reported to Randy Latta?  
09 A. Yes.

Page 33:16 to 33:23



00033:16 Q. So prior to John Mingi, who was his  
17 supervisor?  
18 A. I believe he reported to Lamar McKay.  
19 Q. And do you know during your time at the  
20 GCRO, was it always Lamar McKay who was  
21 Mr. Latta's supervisor?  
22 A. Bob Dudley was the head of GCRO for a  
23 short period of time in 2010.

Page 34:02 to 34:07

00034:02 Q. And do you know who does John Mingi report  
03 to?  
04 A. John Mingi reports to Lamar McKay.  
05 Q. And what position does Lamar McKay now  
06 hold?  
07 A. Lamar McKay is the head of upstream.

Page 34:10 to 34:10

00034:10 previously marked as Exhibit 12314.

Page 34:25 to 35:24

00034:25 Q. So this -- this is dated in January 27th  
00035:01 of 2011, and here, you're identified as the "Head  
02 of Control"?  
03 A. Correct.  
04 Q. Is that an accurate description of your  
05 position at that point?  
06 A. Yes.  
07 Q. And here, it has you reporting to Randy  
08 Latta as CFO?  
09 A. Yes.  
10 Q. And that's correct as of January 2011?  
11 A. That is correct.  
12 Q. And that was -- was that -- was that true  
13 also in July of 2010 when you took this position?  
14 A. Yes.  
15 Q. And if we could turn back to Page 2, on  
16 the bottom here, it has Randy Latta identified as  
17 the CFO reporting to Lamar McKay. Is that your  
18 understanding of who he reported to in January of  
19 2011?  
20 A. That's what the chart would indicate, yes.  
21 Q. And is that your understanding?  
22 A. That would be my understanding.  
23 Q. And then Lamar McKay is reporting to Bob  
24 Dudley, Group Chief Executive?

Page 36:01 to 36:05

00036:01 A. That's what the chart says.

02 Q. (BY MS. HANKEY) And is that your  
03 understanding of who Mr. McKay was reporting to in  
04 January of 2011?  
05 A. That is my understanding.

Page 37:20 to 38:10

00037:20 Q. (BY MS. HANKEY) Okay. Can you tell me  
21 what the difference is between a "business unit"  
22 and a "function"?  
23 A. A "business unit" is typically delivering  
24 revenue and has operations. A "function" is  
25 generally more of a support service in support of  
00038:01 those operating businesses.  
02 Q. And so in your role with the GCRO, were  
03 you part of a function?  
04 A. I'm a function within an op -- embedded  
05 within an operating business.  
06 Q. And what's the operating business that  
07 you're embedded with?  
08 A. Gulf Coast Restoration Organization.  
09 Q. And so is GCRO considered a business unit  
10 within BP?

Page 38:12 to 38:25

00038:12 A. No -- well, I wouldn't call it necessarily  
13 a business unit within the -- within BP.  
14 Q. (BY MS. HANKEY) It -- it's not a legal  
15 entity, correct?  
16 A. GCRO is not specifically a legal entity.  
17 Q. So if you wouldn't call it a business  
18 unit, what would you call it?  
19 A. It is a -- I would call -- well, it's an  
20 operating unit responsible for specific activities  
21 within a group.  
22 Q. As an operating unit, did it reside with  
23 any specific business unit?  
24 A. It was outside the other business units  
25 within BP.

Page 41:01 to 41:05

00041:01 Q. Now, prior to preparing financial  
02 statements in 2011, do you know how BPXP was  
03 incorporated into the statements at the parent  
04 level?  
05 A. No, I'm not familiar with that.

Page 41:13 to 41:20

00041:13 Q. So the annual report, for example, for BP  
14 America, do you know how BPXP is incorporated into

15 that statement?

16 A. I couldn't speak to the exact process of  
17 how that works.

18 Q. How about BP PLC?

19 A. Again, can't speak to exactly how -- how  
20 that works.

Page 44:23 to 45:05

00044:23 Q. And when you were in the Canada business  
24 unit, did you prepare a summary of the trial  
25 balance as part of your responsibilities?

00045:01 A. I -- as part of my role within Canada, I  
02 did submit a GAIT submission.

03 Q. And that would be on behalf of the  
04 business unit?

05 A. In Canada at the time.

Page 46:02 to 46:16

00046:02 (Marked Exhibit No. 12638.)

03 Q. (BY MS. HANKEY) And this is a  
04 presentation entitled "Response, Reaction &  
05 Restoration" by Lamar McKay.

06 I'm going to ask you to turn to the  
07 last page. Here, he's referring to the GCRO being  
08 formed, the appropriate resources focused on  
09 restoration, and he explains that GCRO is part of  
10 BP America.

11 Do you see that?

12 A. I do see that in the document.

13 Q. And is that your understanding, that the  
14 GCRO is part of BP America?

15 A. I've not seen this document, so I can't  
16 really speak to the context of that.

Page 47:02 to 47:22

00047:02 Q. (BY MS. HANKEY) It -- do you understand  
03 that statement to be inaccurate?

04 A. I can't speak to whether it's accurate or  
05 inaccurate. Well, it's -- GCRO liabilities rest  
06 with BPX&P. So I'm not sure what the -- the  
07 context of this statement is.

08 Q. And here, he refers to the "GoM  
09 Subcommittee of BP Board formed, Monitoring and  
10 oversight."

11 Do you see that?

12 A. GoM -- I do see that.

13 Q. And is he referring to the GoM  
14 subcommittee of the BP PLC board?

15 A. Again, I'm not quite sure what this is  
16 referring to.

17 Q. Do you understand that the BP PLC board

18 formed a Gulf of Mexico sub -- subcommittee?  
19 A. I do.  
20 Q. And did the Gulf of Mexico subcommittee  
21 exercise oversight over the GCRO?  
22 A. They did exercise oversight.

Page 47:25 to 48:01

00047:25 mark this as Exhibit 12639.  
00048:01 (Marked Exhibit No. 12639.)

Page 48:09 to 49:20

00048:09 Q. (BY MS. HANKEY) And this is a  
10 presentation entitled "Leadership Forum,"  
11 October 20th, 2010.  
12 Do you know what the "Leadership  
13 Forum" is?  
14 A. I'm not familiar with this document, not  
15 familiar with what the leadership forum they would  
16 be referring to here.  
17 Q. You're not familiar with the leadership  
18 forum?  
19 A. Not -- yeah. Not -- not this leadership  
20 forum.  
21 Q. Are you familiar with other leadership  
22 forums?  
23 A. There are a number of leadership forums in  
24 BP. I have a leadership forum for my particular  
25 staff. It's a generic term I would say.  
00049:01 Q. And what does that term refer to?  
02 A. What is leader -- "leadership forum"?  
03 Q. Yeah, the gen -- you said it was a generic  
04 term. What's it used to describe?  
05 A. I -- again, that's -- could mean different  
06 things. I -- I can't speak to what this  
07 particular leadership forum is referencing.  
08 Q. When you -- you hold -- you said that you  
09 have a leadership forum within your group?  
10 A. Yes. I have direct reports and people who  
11 report to the -- those direct reports. So I have  
12 my direct reports at a -- a meeting, and I would  
13 consider that my leadership forum.  
14 Q. Okay. So when you have a meeting with  
15 your direct reports, you would consider that a  
16 leadership forum?  
17 A. You could call it a "leadership forum."  
18 Q. Do you call it a "leadership forum"?  
19 A. I don't necessarily call it a "leadership  
20 forum," but it could be viewed in that manner.

Page 50:02 to 50:07

00050:02 Q. And here, again, the -- one -- the second

03 to the last bullet point says: "GCRO" is "part of  
 04 BP America; taking over from Unified Command in  
 05 fourth quarter; covering clean-up, economic  
 06 damages;" and "long-term research."  
 07 A. I see that statement.

Page 50:13 to 50:18

00050:13 Q. (BY MS. HANKEY) The -- is it your  
 14 understanding that the -- that some of the  
 15 operations for people within the un -- within the  
 16 GCRO were working within the Unified Command?  
 17 A. People within GCRO were working within the  
 18 Incident Command structure.

Page 51:17 to 51:17

00051:17 (Marked Exhibit No. 12640.)

Page 51:19 to 52:04

00051:19 Q. (BY MS. HANKEY) And this is the "Gulf of  
 20 Mexico Committee Charter"?  
 21 A. I can see that's what it says, yeah.  
 22 Q. And it says: "The GCE has established a  
 23 separate business organization, the Gulf Coast  
 24 Restoration Organization, to manage the group's  
 25 long-term response to the DEEPWATER HORIZON  
 00052:01 incident."  
 02 A. I see that there.  
 03 Q. And is that your understanding, the GCRO  
 04 was formed by the Gulf of Mexico Committee?

Page 52:06 to 52:14

00052:06 A. I couldn't speak to who actually formed  
 07 the Gulf Coast Restoration Organization.  
 08 Q. (BY MS. HANKEY) Okay. And then it says  
 09 under "Purpose and Role": "The purpose of this  
 10 Committee is to provide, in a non-executive role,  
 11 oversight of the GCRO and to support efforts" --  
 12 "efforts to rebuild trust in BP and BP's  
 13 reputation."  
 14 A. I see that.

Page 54:07 to 54:07

00054:07 (Marked Exhibit No. 12641.)

Page 54:09 to 55:01

00054:09 Q. (BY MS. HANKEY) And this is an agenda for

10 October 15, 2010 of -- for the Gulf of comm --  
11 Mexico Committee meeting?  
12 A. I see that.  
13 Q. And do you see that as a guest  
14 participant, Randy Latta is present as a for -- as  
15 the CFO for GCRO?  
16 A. I do see that, yes.  
17 Q. As is Luke Keller. Do you know who Luke  
18 Keller is?  
19 A. I do know Luke Keller.  
20 Q. Who is Luke Keller?  
21 A. Currently I know him as a BPX&P board  
22 member.  
23 Q. Okay. And did he have a position within  
24 the GCRO?  
25 A. He did have a position within Gulf Coast  
00055:01 Restoration Organization.

Page 55:04 to 55:13

00055:04 Q. And here, there's a -- at 8:20, they have  
05 Mike Utsler giving a presentation on the  
06 transition of UAC to GCRO?  
07 A. I see that on the agenda.  
08 Q. And do you know who Geir Robinson is?  
09 A. I do know who Geir Robinson is.  
10 Q. Who is Mr. Robinson?  
11 A. Geir Robinson, at the time, was director  
12 of claims within Gulf Coast Restoration  
13 Organization.

Page 55:24 to 55:24

00055:24 (Marked Exhibit No. 12642.)

Page 56:07 to 56:18

00056:07 Q. Is that something that you would have  
08 prepared?  
09 A. I would have not have prepared this  
10 particular slide. People who prepared this slide  
11 probably would have received information from me  
12 to prepare that slide.  
13 Q. Okay. How about on the slides on Pages 3  
14 and 4?  
15 A. Again, I didn't prepare those slides.  
16 Other people would have probably used some of my  
17 information as potentially a data source for  
18 those.

Page 57:12 to 57:12

00057:12 (Marked Exhibit No. 12643.)

Page 57:19 to 58:05

00057:19 Q. Yeah. So I wanted to ask you about this  
 20 sentence that says: BP America will continue to  
 21 manage Government and Public Affairs for" many --  
 22 "for BP's many U.S. businesses. BP America will  
 23 continue to establish and implement common HR  
 24 policies and programs for the 34,000 men and women  
 25 who work for BP in the U.S."  
 00058:01 A. I see that statement, yes.  
 02 Q. Okay. Did -- does BP America have a  
 03 Government and Public Affairs function?  
 04 A. BP America does have a public and  
 05 government amares -- affairs function, yeah.

Page 58:10 to 58:12

00058:10 Q. Do you know whether the Government and  
 11 Public Affairs function was providing services to  
 12 the GCRO?

Page 58:14 to 59:14

00058:14 A. At one point, Government and Public  
 15 Affairs was an organization within Gulf Coast  
 16 Restoration Organization.  
 17 Q. (BY MS. HANKEY) So there was an  
 18 organization within the GCRO that was called the  
 19 "Government and Public Affairs"?  
 20 A. Yes.  
 21 Q. And do -- do you know were the people who  
 22 were working within that organization employed by  
 23 BPAPC?  
 24 A. I couldn't tell you who their payroll  
 25 entity was. Those costs were charged into BPX&P  
 00059:01 in support of the incident.  
 02 Q. With respect to all of the employees in  
 03 the GCRO, did they all -- were they all -- did  
 04 they all have the same payroll entity?  
 05 A. Don't know that for sure.  
 06 Q. Is that something that would be included  
 07 in the trial balance?  
 08 A. What would be included in the trial  
 09 balance is anyone -- so, again, there are a couple  
 10 of different payroll entities that I'm aware of.  
 11 I believe predominantly most people in GCRO f  
 12 including myself, were BPAPC payrolled employees,  
 13 and those costs have been charged into BPX&P in  
 14 support of operations supporting the incident.

Page 59:21 to 63:02

00059:21 Q. On the -- on the trial balance, would it

22 identify charges related to emp -- employee costs  
 23 for the GCRO that were -- where the payroll entity  
 24 was BPAPC?

00060:01 25 A. No. The trial balance -- it wouldn't be  
 02 evident within the trial balance. Those costs  
 03 would be charged in -- so we have an automatic  
 04 charge process.

05 So our HR systems -- so if you're at  
 06 BPAPC payrolled employee and your working on a  
 07 BPX&P asset for instance, those charges  
 08 automatically get billed into BPX&P. And  
 09 they'll -- you'll see those evident in salaries,  
 10 which is a general ledger account on the trial  
 11 balance. And then there would be an offsetting  
 12 payable back to BPAPC on -- on BPX&P's books.

13 Q. Would the -- would the payable identify  
 14 that it was for employee costs?

15 A. Not specifically. The payable includes --  
 16 could include other transactions as well.

17 Q. And you said that it was automatic. Can  
 18 you explain that process to me?

19 A. We have a financial system, SAP, and we've  
 20 got an HR module within SAP. So they'll establish  
 21 an employee as a payrolled employee of BPAPC.  
 22 It's determined what asset and -- and entities  
 23 that that payroll employee is supporting. There's  
 24 a charge code that's attached to that employee.

00061:01 25 And then as payroll runs, it  
 02 actually -- it will pay the employee through the  
 03 employing agency and then automatically charge  
 04 that expense over to -- through our automated  
 05 systems into the BPX&P's books and, again, create  
 06 offsetting intercompany receivables and payables  
 07 between those two entities.

08 Q. Are there -- are there invoices that are  
 09 sent from BPAP to BPXP for those employee costs?

10 A. There are no invoices sent specifically  
 11 for those inv -- those charges.

12 Q. Are there invoices sent for other charges,  
 13 do you know?

14 A. Between --

15 Q. BPXP and BPAP?

16 A. BPAPC?

17 Q. (Counsel nods.)

18 A. I can't think of the other charges.  
 19 Sometimes we send invoices. Sometimes invoices  
 20 are not sent. So in the case of payroll, it's an  
 21 automated process.

22 Q. So you referred to the "SAP system." Can  
 23 you tell me what the "SAP system" is?

24 A. It's a global financial system that's used  
 25 by many corporations.

00062:01 24 Q. And is this system used by the BP Group?  
 02 A. It's used by different elements of the BP  
 03 Group.

04 Q. So are there any elements of the BP Group



03 that don't use the SAP system?  
 04 A. There are some foreign locations that have  
 05 not been migrated to SAP.  
 06 Q. And who manages the SAP system?  
 07 A. I can't tell you specifically who manages  
 08 it. It's very large system and many components to  
 09 it that are managed by probably different people.  
 10 Q. Is there any function -- specific function  
 11 within BP that's responsible for the operations of  
 12 the SAP system?  
 13 A. That would be finance is ultimately  
 14 responsible for the financial system.  
 15 Q. So finance is one of the functions in  
 16 the -- is it in the BP Group?  
 17 A. Finance is a function within the BP Group.  
 18 Q. And what does the finance function do?  
 19 A. The finance function has several roles and  
 20 accountabilities. One is accounting reporting  
 21 control, which is an area that I support  
 22 specifically.  
 23 They also do performance management.  
 24 They do business development, commercial  
 25 operations, and planning. I think those are  
 00063:01 several specific responsibilities within the  
 02 finance function I can recall.

Page 63:22 to 64:06

00063:22 So when you were the head of control  
 23 for the Canada business unit, were you considered  
 24 to be within the finance function?  
 25 A. Yes. Finance, again, is a function in  
 00064:01 support of many different businesses and entities  
 02 within BP.  
 03 Q. And your role within the finance function  
 04 at that point was specifically to support the  
 05 Canada business unit?  
 06 A. Yes.

Page 64:11 to 64:15

00064:11 Q. And when you were head of control for the  
 12 GCRO, were you still considered to be part of the  
 13 finance function pro -- and then -- then providing  
 14 support to the GCRO?  
 15 A. When --

Page 64:17 to 67:01

00064:17 A. When I went to GCRO, I was still part of  
 18 the finance function, but working -- supporting a  
 19 different set of assets.  
 20 Q. (BY MS. HANKEY) When you came to the  
 21 GCRO, did your payroll entity change?

22 A. Yes. I was paid by BP -- well, I'm not --  
23 let me back up.  
24 I'm not sure I -- I remember how I  
25 was getting paid through Canada. I may have  
00065:01 actually still been being paid by BPAPC and then  
02 recharged back into BP Canada for my time up  
03 there. But -- so I don't recall.  
04 Q. Okay.  
05 A. Yeah.  
06 Q. How long have you worked for BP?  
07 A. I originally started with Amoco. That was  
08 back in 1985. In 1999, BP Amoco merged. I was  
09 outsourced to PricewaterhouseCoopers, sold to IBM,  
10 and reinsourced back to BP in 2005.  
11 Was that more than you wanted to  
12 know?  
13 Q. That's quite complicated.  
14 A. That's my story.  
15 Q. So when you were outsourced to  
16 PricewaterhouseCooper, were you still technically  
17 working for BP?  
18 A. PricewaterhouseCoopers was providing  
19 accounting services for BP.  
20 Q. Who was your paying -- who was your paying  
21 entity at that point?  
22 A. PricewaterhouseCoopers.  
23 Q. Okay. And then when you were sold to IBM,  
24 did they -- did IBM become your paying entity?  
25 A. Yes.  
00066:01 Q. Okay. And then at what point did you  
02 leave IBM to work for BP directly?  
03 A. I believe it was early 2005.  
04 Q. And is it at that point that you took the  
05 role of head of control in Canada?  
06 A. No.  
07 Q. Okay. So where did you go in 2005?  
08 A. I was working -- well, I was working  
09 several projects on behalf of the finance  
10 function.  
11 Q. So since 2005, you've been with the  
12 finance function?  
13 A. Within BP, yes.  
14 Q. And then -- but who you were servicing may  
15 have changed since that time?  
16 A. That's correct.  
17 So finance, again, is a global  
18 function. It provides services to a number of BP  
19 entities.  
20 Q. And do you recall when you started  
21 servicing the Can -- Canada business unit?  
22 A. I believe it was 2007 maybe. It's been a  
23 long time.  
24 Q. Yeah. And were you actually in Canada at  
25 that point?  
00067:01 A. I did live in Canada for several years.

Page 67:12 to 67:12

00067:12 (Marked Exhibit No. 12644.)

Page 68:19 to 68:24

00068:19 Q. Okay. And is this the -- the finance  
20 function that you had been describing just now?  
21 A. Yes. I don't know the date of this  
22 particular document, but --  
23 Q. Yeah.  
24 A. -- I would say generally that's correct.

Page 69:02 to 69:07

00069:02 Q. Are there functions within the finance  
03 group that aren't listed here?  
04 A. The definition of "finance" that I'm  
05 familiar with is -- includes accounting reporting  
06 and control, planning and performance management,  
07 business development, and commercial operations.

Page 70:23 to 71:11

00070:23 Q. And how about procurement, is that a  
24 function within BP -- the BP Group?  
25 A. Procurement is a function within the BP  
00071:01 Group.  
02 Q. And do you know what the procurement  
03 function does?  
04 A. They're responsible for securing goods and  
05 services on behalf of the business.  
06 Q. So did somebody from the procurement  
07 function, for example, provide services to the  
08 GCRO?  
09 A. We did have procurement organization  
10 within the Gulf Coast organization being charged  
11 into BPX&P.

Page 73:10 to 73:10

00073:10 (Marked Exhibit No. 12645.)

Page 73:20 to 74:15

00073:20 Q. What was the -- what are these codes used  
21 for?  
22 A. These are -- are -- I would characterize  
23 these as our global chart of accounts. So each --  
24 there are different financial systems across the  
25 BP Group. SAP is a common one but not the  
00074:01 exclusive one.

02                   The Group has a -- a standard, group  
03 reporting standard and -- which defines how --  
04 through -- on a consolidated basis how we actually  
05 report our financial results.

06                   So these are the specific codes,  
07 income statement, balance sheet, additional codes,  
08 and supplementary codes that the Group requires  
09 each entity within the BP organization to report  
10 on.

11       Q.   So are these codes that are reflected in  
12 the trial balance?

13       A.   These codes, if they're applicable to  
14 BPX&P, they would be reflected in the trial  
15 balance.

Page 76:17 to 76:25

00076:17 (Marked Exhibit No. 12646.)

18       Q.   (BY MS. HANKEY) So this is what -- is  
19 referred to as the trial balance, correct?

20       A.   Yes.

21       Q.   So for the record, this -- this is a --  
22 this is not a complete version of the Excel  
23 spreadsheet. I've consolidated some of the  
24 columns so that it would print. So for --

25       A.   That's all right.

Page 77:16 to 78:25

00077:16       Q.   So if I understand your testimony earlier,  
17 you created this Excel spreadsheet in order -- for  
18 production purposes, correct?

19       A.   Yes.

20       Q.   So can you tell me how you created it?

21       A.   Again, our financial system contains all  
22 the financial records for every entity. There are  
23 a number of code structures to allow you to slice  
24 and dice that financial data so you can get BPX&P  
25 as a legal entity. You can get Gulf Coast

00078:01 Restoration Organization as a slice as an  
02 operating entity, operating on BPX&P.

03                   We have a -- attached to our  
04 financial reporting system is a Business  
05 Warehouse, which is another SAP facility. And  
06 through mappings that are maintained, general  
07 ledger -- underlying SAP general ledger accounts  
08 are mapped into what we consider to be the Group  
09 Reporting Manual defined trial balance.

10                  And so I can run a report out of that  
11 reporting system identifying BPX&P as the entity  
12 that I want to report on.

13                  This particular report includes two  
14 subsidiaries of BPX&P, Verano Holdings Company and  
15 BP Offshore Response Company.

16       Q.   You referred to the Group Reporting Manual

17 to find trial balance. Is that a -- is there a --  
 18 a definition of -- of trial balance within the  
 19 Group Reporting Manual?  
 20 A. The -- the Group Reporting Manual provides  
 21 instructions on how to map your individual  
 22 essay -- yeah, ledger balances into a common  
 23 format so that we have consistent reporting across  
 24 the groups. That's what the Group reporting  
 25 mainly does.

Page 79:09 to 80:14

00079:09 Q. (BY MS. HANKEY) Sure. So I'm just trying  
 10 to determine this isn't something that already  
 11 existed on your computer and you just hit  
 12 "Print" --  
 13 A. It -- it exists --  
 14 Q. -- and produced it to us?  
 15 A. It exists in the -- in the financial  
 16 system. So it's -- it's available to run at any  
 17 point in time.  
 18 Q. And is this -- in terms of what's  
 19 available to run at any time, is this a  
 20 preexisting report or is it a report that you  
 21 created at the time?  
 22 A. This is a preexisting report that you can  
 23 use different elements that you want to choose to  
 24 report on.  
 25 Q. Okay. So -- so, for example, if I were to  
 00080:01 go into the SAP system and look for the GRM Trial  
 02 Balance, that would be an existing report?  
 03 A. Yes.  
 04 Q. And do -- did it already exist in the  
 05 system for BPXP and the subsidiaries?  
 06 A. Does it already exist in the system?  
 07 Q. (Counsel nods.)  
 08 A. There -- the intent is not to really  
 09 create a whole bunch of individual reports because  
 10 there's a lot of people who use this reporting  
 11 system. So what they'll do is provide a standard  
 12 Group Reporting Manual or a GRM Trial Balance  
 13 report, and then it's up to the user to select  
 14 what entity that they want to choose.

Page 80:20 to 81:07

00080:20 Q. So you said that the GRM Trial Balax --  
 21 Balance exists within the system, and then you can  
 22 go in and pull out a subset for your specific  
 23 legal entity.  
 24 Did I understand that correctly?  
 25 A. The GRM Trial Balance is just -- one of  
 00081:01 the -- the common reports that you will find in  
 02 the reporting system. And so when you bring up  
 03 that report, you can select different entities

04 that you want to report on. So...  
05 Q. And so when the tr -- GRM Trial Balance  
06 that exists, does that -- is it specific -- is  
07 it -- does that include the entire BP Group?

Page 81:09 to 81:12

00081:09 A. The -- the -- the tr -- the -- the  
10 Business Warehouse that I have access to contains  
11 entities that are supported with our specific SAP  
12 system.

Page 81:19 to 81:25

00081:19 Q. Do you know whether there are any  
20 operations within BP America that would not be  
21 included in the system?  
22 A. I -- well, there are several SAP systems  
23 within the United States, and I don't believe all  
24 of those map into this particular reporting  
25 system. BPX&P does. BPAPC rolls into here.

Page 83:19 to 84:01

00083:19 Q. Yeah. Do you know whether all of the  
20 upstream businesses within BP America are included  
21 within this SAP system?  
22 A. I couldn't tell you specifically if all  
23 entities within upstream in the U.S. are all in  
24 that instance.  
25 Q. Okay.  
00084:01 A. I couldn't say that for a fact.

Page 84:04 to 84:04

00084:04 A. I -- I -- I believe the vast majority do.

Page 84:13 to 88:05

00084:13 The trial balance, do you know  
14 whether the trial balance is used for the purposes  
15 of creating the Group reports?  
16 A. Are you speaking about what's in the  
17 annual report?  
18 Q. Yeah.  
19 A. The trial balances are rolled up through a  
20 normal consolidation process and ultimately used  
21 in the -- to support the annual reports.  
22 Can I -- I -- I do want to clarify  
23 one thing. You had asked about the trial balance  
24 in this exhibit. I do -- I -- you can run these  
25 out of the financial system. I did include the  
00085:01 legal entity trading partners, so that was an

02 addition that I added. The trading partner is  
03 defined through an extension on the GRM accounts,  
04 and to help support the understanding, I did  
05 include the legal entity trading partner  
06 associated with those -- those accounts.

07 Q. So how -- how did you include the legal  
08 entity trading partner?

09 A. Included that within the spreadsheet. So  
10 the -- the extension codes on the GRM accounts  
11 define the off -- the BP trading partner, and then  
12 there's a reference guide that says this trading  
13 partner equals this entity.

14 Q. So did this -- is that an addition you  
15 were able to make within the SAP system or  
16 something that you had to do separately?

17 A. I included that on the Excel spreadsheet.

18 Q. Okay. And you did -- did you actually  
19 physically type it in?

20 A. No. It's just kind of a copy-and-paste  
21 thing.

22 Q. Okay.

23 A. And I don't think we did all of them but  
24 just the major ones.

25 Q. Did you -- you said that you -- you didn't  
00086:01 include all of them, just the major ones for the  
02 trading partners?

03 A. Yes. It was a manual process just to --  
04 and, again, it was just trying to facilitate the  
05 understanding, so...

06 Q. And did you -- was there a rule of thumb  
07 that you used in terms of --

08 A. I believe all sales and purchases trading  
09 partners were included and then on the receivables  
10 and payables. I don't recall it was -- if it was  
11 over a million dollars on average or something  
12 like that.

13 Q. The -- do you know the reference guide  
14 that identifies the legal entity trading partner?  
15 Is that also something that was produced?

16 A. I -- I believe it was.

17 Q. Okay. Is there any one within the G --  
18 GCRO who has the specific responsibility of  
19 maintaining the trial balance?

20 A. Is there anyone specifically in GCRO  
21 that's responsible for maintaining the trial  
22 balance? The trial balance is generated through a  
23 series of many different entries. The GCRO  
24 portion of BPX&P, I'm responsible for reporting  
25 off of that. The GoM business unit portion of  
00087:01 BPX&P, for instance, they would be responsible for  
02 reporting off of that.

03 Q. And do you know who within the business --  
04 the GoM business unit is responsible?

05 A. That would be the -- their -- their  
06 equivalent finance team.

07 Q. And how about for BPXP, is there somebody

08 who is responsible specifically for BPXP?

09 A. Each operating entity is responsible for  
10 their portion of BPX&P, and then I produce a  
11 consolidated finance report on behalf of the  
12 board.

13 Q. So within BPX&P, what are the different  
14 operating units that would be involved?

15 A. The two primary operating units that  
16 operate on the BPX&P legal entity would include  
17 Gulf Coast Restoration Organization and the Gulf  
18 of Mexico business unit.

19 Q. Are there any other business units?

20 A. There is a small, I believe, integrated  
21 supply and trading organization that operates on  
22 BPX&P. I believe they ultimately market the gases  
23 produced off the Gulf of Mexico.

24 Q. And with respect to any of the functions  
25 that -- within the Group that are servicing BP or  
00088:01 servicing the business unit, would they -- would  
02 they have responsibility for any operations that  
03 would fall? So for example, the Government and  
04 Public Affairs function, would they have any  
05 responsibility for the trial balance?

Page 88:07 to 88:24

00088:07 A. They -- they would incur charges on the  
08 trial balance, just as any -- anyone who incurred  
09 expenses.

10 Q. (BY MS. HANKEY) And do they have any  
11 res -- responsibility for ensuring that those are  
12 proper -- properly accounted for within the trial  
13 balance?

14 A. I wouldn't say direct responsibility, but  
15 everyone has a responsibility within BP to ensure  
16 part of the code of conduct, just making sure that  
17 people do the right thing.

18 Q. And the -- within the GoM business unit,  
19 you said it was the finance function within the  
20 GoM business unit that was responsible for the  
21 trial balance?

22 A. The finance function that's embedded  
23 within the Gulf of Mexico business unit is  
24 responsible for reporting off the trial balance --

Page 90:15 to 90:20

00090:15 (Marked Exhibit No. 12647.)

16 MR. NOMEILLINI: And, Rachel, I  
17 believe that the -- that the produced version of  
18 the legal entity codes is at Tab 4 of the binder  
19 that you have.

20 MS. HANKEY: Oh, okay. Thank you.



Page 90:24 to 91:14

00090:24 Q. And what's this document?  
25 A. This is what I would call a "provision  
00091:01 continuity schedule" for BPX&P excluding legal  
02 costs.  
03 Q. And is that specific to costs related to  
04 the spill?  
05 A. This is an accumulation of cost for --  
06 that are in BPX&P's books, excluding third-party  
07 legal costs that are reported up as part of the  
08 spill response.  
09 Q. And is this something that you prepared?  
10 A. I did prepare this.  
11 Q. And is -- is the information in the  
12 spreadsheet something that you can tie back to the  
13 trial balance?  
14 A. Yes.

Page 91:17 to 92:02

00091:17 Q. Okay.  
18 A. The answer is not specifically because the  
19 BPX&P trial balance includes not only the GCRO  
20 portion of the BPX&P financials but also includes  
21 the other entities, specifically GoM, as well as  
22 IST and any -- any entities operating on BPX&P.  
23 Q. And so looking at the trial balance, is --  
24 is there a way in the trial balance to identify  
25 specifically spill-related costs?  
00092:01 A. No. Those are commingled with the rest of  
02 the BPX&P operations.

Page 92:05 to 92:05

00092:05 to Exhibit 12646?

Page 94:01 to 95:02

00094:01 Q. And I was wondering if you could tell me  
02 what Line 1375 represents?  
03 A. 1375 is -- that is production and  
04 manufacturing expense for other items. I can't --  
05 I would have to refer back to the coding guide for  
06 the specific description.  
07 Q. And so do you know whether the -- whether  
08 spill costs would have been included in -- in a  
09 code like that?  
10 A. Spill costs are included in that code.  
11 Q. Spill costs among others?  
12 A. Our spill costs are recorded specifically  
13 in that code. GoM business or other businesses  
14 could actually charge into that code, depending on  
15 the circumstances.

16 Q. Okay. So on the trial balance, GCRO is  
 17 not segregated; is that correct?  
 18 A. Not on this trial balance GCRO is not  
 19 segregated.  
 20 Q. Okay. Do you know why it's not  
 21 segregated?  
 22 A. I was requested to provide a BPX&P trial  
 23 balance.  
 24 Q. Are there -- Column A is the "ECCS  
 25 Account." Are there ECCS accounts that are  
 00095:01 specific to GCRO?  
 02 A. No.

Page 95:10 to 100:13

00095:10 Q. So is this reflect -- reflecting a payable  
 11 in 2010 of 9.5 billion to BP Company North  
 12 America, Inc.?  
 13 A. That is BP Company North America. Yes, it  
 14 is reflecting a payable.  
 15 Q. Do you know what the payable is for?  
 16 A. BP Company North America, Inc., is the  
 17 paying agent on behalf of BPX&P. It's also a  
 18 paying agent for a number of BP entities as part  
 19 of our -- it's in compliance with our Group  
 20 standard on centralized cash and banking services.  
 21 So they will release a payment across  
 22 a number of -- or a lot of our invoices that BPX&P  
 23 incurs charges for, and then when they do that,  
 24 BPX&P then has to reimburse them for releasing a  
 25 fund. So BP Company North America has a  
 00096:01 receivable, offsetting receivable from BPX&P.  
 02 Q. Is there an agreement in place for that  
 03 arrangement?  
 04 A. Not that I'm aware of.  
 05 Q. Does BPXP pay interest?  
 06 A. BPX&P does not pay interest on that  
 07 working capital balance. Again, it's considered a  
 08 working capital balance. It's similar to other  
 09 working capital balances, and we don't pay  
 10 interest.  
 11 Q. You said it's not an agreement. Is it  
 12 formalized in any other way?  
 13 A. It -- it is an automated process. So,  
 14 again, the integrated SAP systems that we have  
 15 automatically generate a -- that receivable and  
 16 payable between the two.  
 17 Q. Now, I've also seen reference to an entity  
 18 referred to as "NAFCO."  
 19 A. Yes.  
 20 Q. What's "NAFCO"?  
 21 A. NAFCO stands for North American Funding  
 22 Company, and it represents -- it -- it holds the  
 23 internal funding account, acts as a cash account  
 24 on behalf of BPX&P.

25 Q. So can you explain the difference between  
00097:01 NAFCO and BP Company North America in that regard?

02 A. BP Company North America, again, is -- is  
03 a paying agent on behalf of BPX&P. NAFCO is what  
04 I would consider to be a bank account on behalf of  
05 BPX&P.

06 So NAFCO receives proceeds on behalf  
07 of BPX&P. And when it receives proceeds, BPX&P  
08 would have a receivable from NAFCO, NAFCO would  
09 have a payable to BPX&P.

10 When BPX&P effects payment to other  
11 BP entities, it -- NAFCO is a bank account to  
12 transfer funds from BPX&P's internal funding  
13 account to the other BP entities internal funding  
14 account. So that's how NAFCO works.

15 Q. Why would NAFCO -- under what  
16 circumstances would NAFCO pay receivables as  
17 opposed to BP Company North America?

18 A. Could you repeat the question?

19 Q. Sure. Under what circumstances would  
20 NAFCO be paying a receivable as opposed to BP  
21 Company North America?

22 A. NAFCO doesn't pay receivables. They -- if  
23 you're referring to what I had mentioned earlier  
24 about a receivable, if -- when BPX&P produces oil  
25 and gas and they sell that oil and gas to, say, BP  
00098:01 Products North America, they'll have a receivable  
02 from BP Products North America.

03 When BP Products North America pays  
04 BP Exploration & Production, that's really just a  
05 transfer between internal funding accounts which  
06 are held on NAFCO's books. So NAFCO, in that  
07 case, would have -- well, in that case, BPX&P  
08 would have a receivable from NAFCO, NAFCO would  
09 have a payable back to BPX&P.

10 Did I clarify that?

11 Q. Yes. And in terms of what's on the trial  
12 balance when that -- when that type of transaction  
13 occurs, does it reflect as a trans -- transaction  
14 with NAFCO, or does it reflect as a transaction  
15 with the -- I don't want to call them third party,  
16 but the other BP entity involved in the  
17 transaction?

18 A. Again, the -- the -- the initial  
19 transaction between BPX&P and other party would --  
20 would create a receivable or a payable with that  
21 counterparty. When those receivables and payables  
22 are settled, they're settled through NAFCO.

23 So, again, NAFCO ultimately ends  
24 the -- the bank account for BPX&P. So they'll --  
25 they'll receive funds on behalf of BPX&P or they  
00099:01 will pay funds to other BP counterparties on  
02 behalf of BPX&P.

03 Q. But on the trial balance, is that  
04 reflected as a transaction with NAFCO or is that  
05 reflected as a transaction with the legal entity

06 trading partner?  
 07 A. NAFCO is the legal entity.  
 08 Q. Okay. So if, for example, under an  
 09 agreement for sale with BP Products North  
 10 America --  
 11 A. Uh-huh.  
 12 Q. -- and BP Products North America is going  
 13 to be making a payable to BPXP, under that  
 14 agreement, that would be re -- that would actually  
 15 show on trial balance as a payment to -- to NAFCO  
 16 or a -- a receivable from NAFCO?  
 17 A. The -- so, again, when BPX&P sells oil to  
 18 BP Products North America, it will record a sale  
 19 on the profit and loss statement. It will record  
 20 an accounts receivable from BP Products North  
 21 America.  
 22 Q. Okay.  
 23 A. When -- when BP products -- when that  
 24 receivable gets settled, the way that financial  
 25 entries occur is we will debit -- or, I'm sorry,  
 00100:01 credit off the receivable from BP Products North  
 02 America, and we will debit a receivable from  
 03 NAFCO --  
 04 Q. Okay.  
 05 A. -- which basically indicates that we have  
 06 cash on deposit with NAFCO because NAFCO is the  
 07 funding agent that transfers the cash between  
 08 those internal financing accounts between those  
 09 two BP entities.  
 10 Q. Okay. That makes sense.  
 11 A. Okay.  
 12 Q. Does BPXP have financing from any entities  
 13 other than NAFCO or BP Company North America?

Page 100:15 to 101:15

00100:15 A. Could you define the term "financing"?  
 16 Q. (BY MS. HANKEY) Do they owe debt for  
 17 something other than services?  
 18 A. BPX&P has a loan with NAFCO currently, and  
 19 they also have a loan with BPAPC as well.  
 20 Q. Do you know how much the loan with BPAPC  
 21 is for?  
 22 A. 300 million.  
 23 Q. Do you -- when did that loan occur?  
 24 A. I don't recall.  
 25 Q. Okay.  
 00101:01 A. Yeah.  
 02 Q. In the last year or two?  
 03 A. No.  
 04 Q. Older than that?  
 05 A. Yes.  
 06 Q. But prior to 2010?  
 07 A. Prior to 2010.  
 08 Q. Okay. Is -- is 300 million the current

09 balance on that loan, or is that what the loan  
 10 originated at?  
 11 A. That's -- couldn't -- I -- it's the  
 12 current balance. I couldn't speak to that.  
 13 Q. Any -- is there -- you -- you mentioned  
 14 loans with NAFCO and BPAPC. Do they have loans  
 15 with anyone else?

Page 101:17 to 102:11

00101:17 Q. (BY MS. HANKEY) Any other BP entities?  
 18 A. Those are the two loans that I'm aware of.  
 19 Q. And what is "BP International"?  
 20 A. BP International is similar to NAFCO.  
 21 It's a -- a bank account that the BP Group uses.  
 22 Q. And how does it differ from NAFCO?  
 23 A. I can't really speak to a lot of the  
 24 specifics around that. BPX&P deals directly with  
 25 NAFCO, so I'm familiar with how that process  
 00102:01 works.  
 02 Q. Does BPXP have loans with any entities  
 03 external to BP?  
 04 A. Does BPX&P have any loans external?  
 05 Q. Uh-huh.  
 06 A. Not that I'm aware of.  
 07 Q. Are -- are the loans reflected on the  
 08 trial balance as -- as -- as specific transaction?  
 09 A. The loans are reflected. The BPAPC and  
 10 the BP -- or the NAFCO loans are reflected on the  
 11 trial balance.

Page 103:14 to 103:19

00103:14 Q. -- second-to-last page?  
 15 A. Exactly. Yeah, if you -- yeah, you can  
 16 see the 300 million and the 3.1 billion. Yep.  
 17 Q. So as of the first quarter of 2014, are  
 18 these the only two loans that BPXP has?  
 19 A. Yes.

Page 103:24 to 103:24

00103:24 (Marked Exhibit No. 12648.)

Page 104:23 to 105:01

00104:23 Q. So GCRO is still included within this  
 24 trial balance?  
 25 A. GCRO is still included within this trial  
 00105:01 balance.

Page 105:22 to 107:09

00105:22 Q. And how do they account for assets which  
 23 are partially owned by BPXP?  
 24 A. Well, it depends on whether we're the  
 25 operator or -- or not the operator. If -- if  
 00106:01 we're a non-operator, the operator basically  
 02 operates the platform. They're securing all the  
 03 goods and services to drill the well, and then we  
 04 get charged over our proportionate share. If  
 05 those costs are related to capital expenditures,  
 06 they would be cap -- captured here on this capital  
 07 report.  
 08 For -- where BPX&P is the operator,  
 09 again, we would secure the goods and services in  
 10 order to drill and develop and build out the  
 11 platforms. Our financial systems have BP  
 12 ownership interests that's embedded in that. We  
 13 have a common SAP deliver application to run what  
 14 we call "cut back."  
 15 So after costs are captured for a  
 16 given month, anything captured against a cost  
 17 object to -- that is defined -- a cost object  
 18 would define a particular asset or an element  
 19 within a particular asset. So -- and then there's  
 20 ownership assigned with those particular cost  
 21 objects.  
 22 So at the end of each month, all  
 23 costs captured on that particular cost object, the  
 24 system knows, say, BP only has had a 65 percent  
 25 working interest, it -- it actually creates a  
 00107:01 jour -- automatic journal entry to reduce the  
 02 physical expenses that are charged on our books  
 03 and offset with the receivable to the party -- to  
 04 the other party.  
 05 So that's fundamentally how that  
 06 accounting works.  
 07 Q. Do you know -- do -- does -- do P -- BPAPC  
 08 and BPXP own any assets in common?  
 09 A. I don't know that.

Page 107:23 to 108:09

00107:23 Q. (BY MS. HANKEY) And at the Line 2879, in  
 24 2010 there's a 5 billion-dollar entry for NAFCO.  
 25 A. That's a balance that existed as of the  
 00108:01 end of 2010.  
 02 Q. Is that a loan?  
 03 A. That would be the payable that's on the  
 04 books to NAFCO -- NAFCO. That's not defined as a  
 05 formal loan.  
 06 Q. What is it categorized as, as opposed to a  
 07 loan?  
 08 A. It's reflected on trial balance as a  
 09 working capital balance.

Page 108:15 to 109:22

00108:15 Q. And when you refer to "working capital,"  
 16 does -- does that include Group payables?  
 17 A. Does in Group -- Group payables would be  
 18 included in working capital.  
 19 Q. So does BPXP have its own bank account?  
 20 A. NAFCO acts as BPXP's bank account.  
 21 Q. But does -- and does NAFCO have a bank  
 22 account?  
 23 A. Bank of -- NAFCO has bank accounts.  
 24 Q. Is the same true for GCRO?  
 25 A. GCRO is an operating entity that operates  
 00109:01 on BPX&P, so GCRO wouldn't have its own bank  
 02 account. It -- it -- it's -- operates again under  
 03 BPX&P and uses the NAFCO bank account.  
 04 Q. So when you -- when -- when the GCRO has  
 05 transactions with BP entities, that would be  
 06 reflected as a transaction with BPXP?  
 07 A. GCRO doesn't have transactions with BPX&P.  
 08 GCRO operates all of its transactions are how --  
 09 are -- are -- are on BPX&P.  
 10 So GCRO may conduct business with  
 11 other entities while operating on BPX&P. Again,  
 12 when invoices are paid on behalf of GCRO, again,  
 13 that's a BPX&P expense in order to create a  
 14 payable to BP Company North America. So those  
 15 would be reflected on the trial balance as well.  
 16 Q. And is that the only bank account or I  
 17 don't -- the -- the only -- all of -- all of  
 18 BPXP's banking -- banking is done through NAFCO?  
 19 A. BPX&P doesn't have any external bank  
 20 accounts, so... and, again, that's specific to our  
 21 cash and banking standard which calls for  
 22 centralized cash and banking services.

Page 110:02 to 110:16

00110:02 Q. (BY MS. HANKEY) So -- so there was a  
 03 trust set up by BPXP, correct?  
 04 A. Yes.  
 05 Q. And it contained about \$20 billion?  
 06 A. Yes.  
 07 Q. And it was -- the trust was set up for the  
 08 purpose of paying spill costs?  
 09 A. Certain spill-related costs.  
 10 Q. So are any of the GCRO costs billed to  
 11 that trust?  
 12 A. The \$20 billion trust has been incurred by  
 13 GCRO as part of reporting for the incident, and  
 14 that's been -- and that -- that cost rests on  
 15 BPX&P's books. Again, GCRO operates on BPX&P  
 16 legal entity.

Page 110:22 to 110:23

00110:22 Q. (BY MS. HANKEY) Sure. Are any of GCRO --  
23 GCRO's operational costs billed out of the trust?

Page 111:01 to 111:07

00111:01 A. BPX&P funded the \$20 billion trust. GCRO,  
02 on behalf of BPX&P, request the trust to remit  
03 payment for certain liabilities that are payable  
04 from the trust.  
05 Q. (BY MS. HANKEY) And are any of those  
06 liabilities that are payable from the trust  
07 operational costs of the GCRO?

Page 111:10 to 111:13

00111:10 A. How do you define "operational costs of  
11 GCRO"?  
12 Q. (BY MS. HANKEY) So GCRO hires  
13 contractors, for example, correct?

Page 111:15 to 112:03

00111:15 A. Let me go back to the original question.  
16 Items that are paid for the trust are only related  
17 to approved items to be paid from the trust.  
18 Q. (BY MS. HANKEY) So what -- what are the  
19 approved items that can come from the trust?  
20 A. Several that come to mind is items related  
21 to Natural Resource Damage Assessment, Natural  
22 Resource Damage claims which includes our early  
23 restoration billion dollar commitment, individual  
24 and business claims, state and local claims.  
25 Those are several that come to mind.  
00112:01 Q. So, for example, the GCRO is responsible  
02 for some of the natural resource damages  
03 assessments, correct?

Page 112:05 to 112:24

00112:05 A. GCRO manages -- has employees that support  
06 the Natural Resource Damage -- well, let me back  
07 up.  
08 GCRO is the organization that houses  
09 the employees -- the operating business that  
10 houses the employees that support the Natural  
11 Resource Damage Assessment. And, again, those --  
12 those employees are paid by the companies and  
13 those costs were billed into BPX&P. So, again,  
14 all those costs rest with BPX&P.  
15 Q. (BY MS. HANKEY) So those employees, do  
16 any -- are any of tho -- do any of those salaries



17 of those employees come from the trust?  
 18 A. For BP staff specifically? No.  
 19 Q. And how about for the contractors?  
 20 A. If -- if a contractor is working on  
 21 something that can be paid from the trust, certain  
 22 natural resource damage assessments, they would be  
 23 funded from the trust. And, again, those costs  
 24 are all captured on BPX&P's books as well.

Page 113:04 to 114:21

00113:04 Q. -- which is Exhibit 12647. So can we use  
 05 this spreadsheet to identify the categories of --  
 06 of activities that can be funded from the trust --  
 07 A. The items that are related to the trust  
 08 are highlighted in light purple.  
 09 Q. -- so looking at Line Item 26 as an  
 10 example, it's -- it's identified as "NRDA"?  
 11 A. Yes.  
 12 Q. And then Line Item 27, is identified as  
 13 "NRDA - Trust"?  
 14 A. Yes.  
 15 Q. And Line Item 26 is not highlighted  
 16 purple, but Line Item 27 is highlighted purple?  
 17 A. Yes.  
 18 Q. So what would be the cost that would be  
 19 included in Line Item 26?  
 20 A. 26, a good portion of that line item was  
 21 natural resource damage cost incurred prior to the  
 22 trust being established. So if you look at 2010,  
 23 I think there was approximately I want to say  
 24 like -- about 90 -- 90 million approximately was  
 25 paid pre -- pre the trust being established.  
 00114:01 After that, we -- BPX -- X&P, we work  
 02 with the technical working groups which are part  
 03 of the trustee counsel and try to develop  
 04 cooperative work plans. Sometimes BP might  
 05 propose a project. The trustees may not be  
 06 willing to -- to participate in that, but they  
 07 would still be wanting to -- to obtain the data,  
 08 and so those costs would be captured in that  
 09 bucket.  
 10 Q. So if BP performed a NRDA -- a study as  
 11 part of the NRD assessment, that was not  
 12 cooperative?  
 13 A. I wouldn't call it "not cooperative."  
 14 The --  
 15 Q. Well, it was -- it was not performed with  
 16 a working group.  
 17 A. The -- yeah. The -- but the trustees  
 18 ultimately would request that information.  
 19 Q. So that -- those types of studies would  
 20 have been included under Line Item 26?  
 21 A. Correct. As --

Page 114:23 to 114:24

00114:23 A. As -- as -- and, again, most of that was  
24 pre-trust spend as well.

Page 115:04 to 115:08

00115:04 Q. (BY MS. HANKEY) Do you know, are there  
05 any BP entities other than NAFCO that have their  
06 own bank accounts?  
07 A. Are there any BP entities other than NAFCO  
08 that have their own bank account?

Page 115:10 to 115:10

00115:10 A. Not that I'm aware of.

Page 115:15 to 115:16

00115:15 A. I'm -- I'm sorry. I'm just at a loss  
16 at -- trying to think through what there might be.

Page 116:06 to 116:22

00116:06 Q. (BY MS. HANKEY) And how do you estimate  
07 the remaining liabilities?  
08 A. That's done through our provisioning  
09 process which is a quarterly exercise that we go  
10 through.  
11 Q. And how does the provisioning process take  
12 place?  
13 A. Well, refer back to International  
14 Accounting Standards 37, IS 37, we look at whether  
15 we've got a present obligation as a result of a  
16 past event. We look at is it probable that an  
17 outflow of economic resources would be required.  
18 And thirdly, can we determine a reliable estimate  
19 of that potential liability.  
20 Q. So, for example, for the anti -- ticipated  
21 payments under the settlement, how are those  
22 calculated?

Page 116:25 to 117:07

00116:25 MS. HANKEY: So it would be Line  
00117:01 Items 43 to 67.  
02 A. Are you asking me how those are calcul --  
03 the -- the -- the estimates are calculated?  
04 Q. (BY MS. HANKEY) (Counsel nods.)  
05 A. I believe that's privileged information.  
06 Q. Is there a process in place?  
07 A. There is a process in place, yes.

Page 117:12 to 117:23

00117:12 Q. Whose -- who specifically is undertaking  
13 that process?  
14 A. I facilitate that quarterly process.  
15 Q. And who do you perform that with?  
16 A. A number of different people.  
17 Q. Can you -- can you be more specific?  
18 A. People involved would be -- include people  
19 within our claims organization, people within the  
20 environmental restoration organization, BP legal,  
21 people still supporting shoreline and cleanup  
22 operations would be several examples of -- of  
23 people that I work with.

Page 117:25 to 118:01

00117:25 mark this as 12649.  
00118:01 (Marked Exhibit No. 12649.)

Page 118:17 to 118:25

00118:17 Q. And if you look at the -- I want to --  
18 let's say it's the third-to-last paragraph on the  
19 first page. It says: "BP hired Talisman through  
20 a competitive bidding process to analyze the  
21 future impact of claims related to the spill.  
22 Talisman uses a model for their analysis and the  
23 assumptions and results of their analysis is  
24 reviewed by GCRO and used for calculation of  
25 claims provision."

Page 119:02 to 119:05

00119:02 Q. "The provision is then approved and the  
03 IBM General Accounting team is authorized to  
04 record the provision."  
05 A. Yep. I see that.

Page 120:01 to 120:04

00120:01 It -- so did -- is this -- is this  
02 accurate, did Talisman, in fact -- did you  
03 undertake this process to review the provisions  
04 for claims?

Page 120:11 to 120:12

00120:11 A. This describes what I would say is the  
12 general process.

Page 120:20 to 120:22

00120:20 Q. And so I was asking whether a similar  
21 process was used for claims outside the Gulf Coast  
22 Claims Facility?

Page 121:01 to 121:09

00121:01 A. A general process was used to est -- and  
02 there's always a general process used to estimate  
03 the potential liabilities.  
04 Q. (BY MS. HANKEY) And how about for claims  
05 related to the settlement?  
06 A. Again, general process used to estimate  
07 claims associated with the process --  
08 Q. Okay.  
09 A. -- when they can be estimated.

Page 121:17 to 121:20

00121:17 Q. (BY MS. HANKEY) So during the spill, can  
18 you explain how costs was -- were accounted for?  
19 Was there a general process that was followed?  
20 A. A general --

Page 121:24 to 122:01

00121:24 A. A general process for how we account for  
25 claims? Or, I'm sorry, for spill-related costs?  
00122:01 Q. (BY MS. HANKEY) For spill-related costs.

Page 122:03 to 124:10

00122:03 A. The -- are you asking about the totality  
04 of all the incident-related costs or any specific  
05 cost?  
06 Q. (BY MS. HANKEY) Well, we can be specific.  
07 We can -- we can start, for example, with bills  
08 from the Coast Guard.  
09 A. Okay.  
10 Q. Do you know who bills from the Coast Guard  
11 were sent to?  
12 A. The bills from the Coast Guard were sent  
13 to BPX&P.  
14 Q. Do you know who specifically?  
15 A. I believe Mike Utsler received some. I  
16 think if you looked at some of those, my name may  
17 actually be on some of those. Those are --  
18 Q. And --  
19 A. Go ahead.  
20 Those would be received, reviewed for  
21 appropriateness. Once the appropriate approvals  
22 would be obtained, based on a standing delegation

23 of authority that we're empowered through the  
 24 organization, they would be charged to the income  
 25 statement as an expense.

00123:01 We would establish a liability to the  
 02 U.S. Coast Guard. That liability would be  
 03 relieved. I think NAFCO probably -- we requested  
 04 NAFCO to pay those funds on behalf of BPX&P.

05 So when those funds were released by  
 06 NAFCO on behalf of BPX&P, NAFCO would create an  
 07 intercompany receivable from BPX&P, and BPX&P  
 08 would actually have an intercompany payable back  
 09 to NAFCO for that.

10 Q. Okay. So going back a little bit. Do you  
 11 know who would review the invoices for  
 12 appropriateness?

13 A. That could vary depending on the invoices.  
 14 Are you speaking specifically about the U.S. Coast  
 15 Guard invoice?

16 Q. Specifically about the Coast Guard.

17 A. I believe Mike -- I know he had reviewed  
 18 some of those. I can't tell you exactly on all --  
 19 every invoice who was the ultimate reviewer and  
 20 approver on those.

21 Q. And was there someone who -- who had the  
 22 delegation authority to approve payment for those  
 23 invoices?

24 A. Yes.

25 Q. And I'm assuming the person may have  
 00124:01 changed over time, but did that person have a  
 02 specific title?

03 A. The -- the -- the delegation of authority  
 04 for specific transactions are not al -- always  
 05 necessarily tied to a specific person with a  
 06 specific title. You could have several people  
 07 within the organization that could have  
 08 authorization, but it would be limited to that  
 09 business that was actually operating that --  
 10 that -- that activity.

Page 124:18 to 124:18

00124:18 (Marked Exhibit No. 12650.)

Page 124:21 to 125:07

00124:21 Q. (BY MS. HANKEY) Uh-huh.

22 A. Okay. And this is the "Agency Fedwire  
 23 Message Detail Report"?

24 Q. Yeah.

25 A. Okay.

00125:01 Q. And these are records of wire transfers to  
 02 the Coast Guard. And you see on Page 1 here, it  
 03 identifies the "Originator" as the "North America  
 04 Funding Co. - BP"?

05 A. I do see that, yes.

06 Q. And the "Beneficiary" is listed as "BP  
07 America, Inc., OBO BP America Production COB"?

Page 125:09 to 125:09

00125:09 A. I do see that.

Page 125:23 to 126:03

00125:23 Q. (BY MS. HANKEY) And does that comport  
24 with your understanding, that the money would have  
25 been coming from NAFCO?

00126:01 A. NAFCO would have been the -- the agent  
02 initially paying the funds. I don't recognize the  
03 beneficiary.

Page 126:07 to 126:11

00126:07 Q. Yeah, Page 8, it has handwriting on the  
08 top that says "BP N10036." It's not that one. It  
09 must be the next one. And here, the "originator"  
10 is listed as "Dhost Outgoing Wire Account."  
11 A. I see that, yes.

Page 126:17 to 127:11

00126:17 Q. (BY MS. HANKEY) Do you know what account  
18 that's referring to?

19 MR. NOMELLINI: Form and foundation.

20 A. We -- certain -- U.S. Coast Guard bills us  
21 not only for federal costs, but they also bill us  
22 for certain state and local costs. We had defined  
23 some of those as being payable from the trust. So  
24 we did make some payments from the trust to the  
25 Coast Guard in relation to state and local  
00127:01 response costs.

02 Q. (BY MS. HANKEY) So you -- you believe  
03 that this payment is coming directly from the  
04 trust as opposed to from the NAFCO account?

05 MR. NOMELLINI: For -- form and  
06 foundation.

07 A. Yeah. I haven't seen this document, so I  
08 can't answer that.

09 Q. (BY MS. HANKEY) Well, what about the name  
10 "DHost" made you think the payments were coming  
11 from the trust?

Page 127:13 to 127:16

00127:13 A. That's a common name for what we call the  
14 "DWHost Trust Fund." But, again, those -- those  
15 costs were borne by -- the cost of the trust was  
16 borne by BPX&P as well.

Page 128:16 to 129:01

00128:16 Q. And under Line 11, it lists "Spill  
17 Response, Federal" Coast Guard.  
18 Do you see that?  
19 A. I do see that, yes.  
20 Q. And so are these all costs associated with  
21 cost from the Unified Command?  
22 A. Line --  
23 Q. Line 11?  
24 A. Line 11? Line 11 relates to the billings  
25 from the U.S. Coast Guard or the -- actually the  
00129:01 National Pollution Funds Center.

Page 129:05 to 129:10

00129:05 A. Yeah. I can't speak to the origin of  
06 those costs, but those were billings from the  
07 National Pollution Funds Center.  
08 Q. (BY MS. HANKEY) And do you know the state  
09 and local costs that you were referring to, are  
10 those included in Line 11?

Page 129:12 to 129:14

00129:12 A. The costs that were reimbursed to the  
13 National Pollution Funds Center related to those  
14 billings are on Line 12.

Page 129:22 to 130:01

00129:22 Q. (BY MS. HANKEY) Yeah. So anything that  
23 was a reimbursement to the Coast ba -- Coast Guard  
24 but for claims for state and local governments  
25 that were paid by the trust are included within  
00130:01 Line 12?

Page 130:04 to 130:21

00130:04 A. I would say that Line 11 and 12 total the  
05 costs incurred that we have defined that would be  
06 billed through the U.S. Coast Guard through the  
07 NPFC.  
08 Line 12 would include what costs we  
09 had reimbursed the NPFC related to some state and  
10 local response costs associated with those  
11 billings.  
12 Q. (BY MS. HANKEY) Okay. And so, for  
13 example, Line No. 17 is entitled "State" and  
14 "Local Response"?  
15 A. Correct.  
16 Q. And so are -- those are costs that did not

17 go through the National -- the N -- the National  
 18 Pollution Funds Center; is that right?  
 19 A. Correct. Those are costs that were paid  
 20 directly to state and local agencies without going  
 21 through the NPFC process.

Page 131:06 to 131:10

00131:06 Q. (BY MS. HANKEY) Okay. Costs -- Lines 8,  
 07 9, and 10, are these all costs that were incurred  
 08 by BP?  
 09 A. Those are all costs that were incurred by  
 10 BPX&P.

Page 131:15 to 132:02

00131:15 Q. (BY MS. HANKEY) Sure. So those -- those  
 16 items, Line Items 8, 9 and 10, would not include  
 17 any costs for reimbursement to the Coast Guard?  
 18 A. The BPX&P incurred costs for  
 19 reimbursements back to the NPFC based on billings  
 20 from the Coast Guard would be -- related to spill  
 21 response would be included in Lines 11 and 12.  
 22 Q. Okay. And not in Lines 8, 9, and 10?  
 23 A. That is correct.  
 24 Q. Okay. And were these -- the costs  
 25 included in 8, 9, and 10, are these costs that  
 00132:01 were incurred by BP for actions within the Unified  
 02 Command?

Page 132:05 to 132:11

00132:05 A. These are costs incurred by BPXP, and I  
 06 can't say for a fact that all -- 100 percent of  
 07 those were under the -- the Unified Command.  
 08 Q. (BY MS. HANKEY) Okay. Are there any  
 09 costs that you're aware of that were not incurred  
 10 as part of activities within the Unified  
 11 Command --

Page 132:13 to 132:14

00132:13 Q. (BY MS. HANKEY) -- within Lines 8, 9, and  
 14 10?

Page 132:21 to 132:23

00132:21 A. Again, I'm -- I -- I -- I -- I'm not aware  
 22 that any costs were -- were not within the Unified  
 23 Command, but I can't say that for certain.

Page 133:08 to 133:08



00133:08 (Marked Exhibit No. 12651.)

Page 133:17 to 134:06

00133:17 Q. So this is a "BP Treasury eBANK Balance  
18 and Transactions Details" for August 9, 2010.  
19 A. Okay.  
20 Q. And it -- it identifies the account as  
21 being "NAFCO Debt and 3rd Party Payments."  
22 A. All right.  
23 Q. And if we could turn to Page 2, you can  
24 see that number -- Item No. 2 there is an incoming  
25 transfer from BP International for \$3 billion?  
00134:01 A. To NAFCO?  
02 Q. Yes.  
03 A. Yeah, I see that.  
04 Q. And then if we go to the last page, on  
05 August 9th, 2010, it has an outgoing transfer to  
06 the trust on behalf of BPEP; is that correct?

Page 134:09 to 134:12

00134:09 A. I'm just reading. It says: "At the  
10 direction of BP Exploration Production  
11 satisfaction of certain obligations pursuant to  
12 the trust benefits." I do see that.

Page 134:20 to 134:20

00134:20 (Marked Exhibit No. 12652.)

Page 134:25 to 135:11

00134:25 Q. And a transfer, incoming transfer from BP  
00135:01 International for \$2 billion?  
02 A. I do see that, yes.  
03 Q. And then if we go to the last page,  
04 there's an outgoing transfer --  
05 A. I do see that as well.  
06 Q. -- for \$2 billion?  
07 A. Uh-huh.  
08 Q. On behalf of "and at the direction of BPEP  
09 in satisfaction of certain obligations pursuant to  
10 the trust"?  
11 A. So the --

Page 135:22 to 135:22

00135:22 Q. (BY MS. HANKEY) Can you explain that?

Page 135:25 to 136:08

00135:25 A. The -- the outflow of resources on behalf  
 00136:01 of BP Exploration & Production was the initial  
 02 funding in 2010 of our obligations to fund the  
 03 trust. NAFCO did that on behalf of BPX&P. BPX&P  
 04 ended up with a payable to NAFCO, an obligation to  
 05 repay NAFCO for funding that on BPX&P's behalf.  
 06 Q. (BY MS. HANKEY) And do you know why  
 07 the -- the money is origi -- originated with BP  
 08 International?

Page 136:10 to 136:10

00136:10 A. Yeah. I don't know the answer to that.

Page 136:18 to 137:06

00136:18 (Marked Exhibit No. 12653.)  
 19 Q. (BY MS. HANKEY) And, again, if you turn  
 20 to Page 2, this is for February 15th of 2011.  
 21 There's an incoming transfer of \$1.25 billion.  
 22 And if we go to the last page, and  
 23 it's on the second-to-last page and carries over  
 24 to the last page, there's an outgoing money  
 25 transfer that is similar to the one we just looked  
 00137:01 at that is on behalf of "and at the direction of  
 02 BPEP in satisfaction of certain obligations  
 03 pursuant to the trust" for \$1.25 billion?  
 04 A. I do see that.  
 05 Q. The last line on the second-to-last page.  
 06 A. The --

Page 138:01 to 138:12

00138:01 (Marked Exhibit No. 12654.)  
 02 Q. (BY MS. HANKEY) And this is May 16th,  
 03 2011, and on the first page, there's a transfer  
 04 from BP International of \$1.25 billion.  
 05 Do you see that?  
 06 A. I do see that.  
 07 Q. And if we go to the last page, there's an  
 08 outgoing transfer on behalf of "and at the  
 09 direction of BPEP in satisfaction of certain  
 10 obligations pursuant to the trust" for \$1.25  
 11 billion?  
 12 A. I do see that, yes.

Page 138:21 to 139:05

00138:21 Q. (BY MS. HANKEY) And this is August 15th  
 22 of 2011. And on Page 2, on August 15th, 2011,  
 23 there's an incoming transfer from BP International  
 24 to 1.25 billion.  
 25 And then if we go to the last page,

00139:01 there's an August 15th, 2011, an outgoing money  
 02 transfer of 1.25 billion on -- on behalf of "and  
 03 at the direction of BPEP in satisfaction of  
 04 certain obligations pursuant to the trust."  
 05 Do you see that?

Page 139:07 to 139:07

00139:07 A. I do see that.

Page 139:10 to 139:10

00139:10 (Marked Exhibit No. 12656.)

Page 139:12 to 139:16

00139:12 November 15th, 2011, and on Page 2, there's an  
 13 incoming transfer of 1.25 billion from BP  
 14 International Limited.  
 15 Do you see that?  
 16 A. I do see that.

Page 139:18 to 139:23

00139:18 Q. (BY MS. HANKEY) And if we turn to the  
 19 last page, on November 15th, 2011, there's an  
 20 outgoing transfer of 1.25 billion on behalf -- on  
 21 behalf of "and at the direction of BPEP in  
 22 satisfaction of certain obligations pursuant to  
 23 the trust"?

Page 139:25 to 140:14

00139:25 Q. (BY MS. HANKEY) Do you see that?  
 00140:01 A. I see that record.  
 02 Q. And Tab 18.  
 03 A. Okay.  
 04 Q. Well, you made a lot of trust payments.  
 05 And this is -- let's mark this as  
 06 Exhibit 12657.  
 07 (Marked Exhibit No. 12657.)  
 08 A. All right.  
 09 Q. (BY MS. HANKEY) And this is May 15th of  
 10 2012. And on the first page, you see there's a  
 11 1.25 billion incoming transfer from -- from BP  
 12 International.  
 13 Do you see that?  
 14 A. Yes.

Page 140:16 to 140:18

00140:16 Q. (BY MS. HANKEY) And if we turn to the

17 last page, on May 15th, 2012, there's an outgoing  
18 money transfer of 1.25 billion --

Page 140:20 to 141:02

00140:20 Q. (BY MS. HANKEY) -- on -- on behalf of  
21 "and at the direction of BPEP in satisfaction of  
22 certain obligations pursuant to the trust."  
23 Do you see that?  
24 A. I do see that transaction.  
25 Q. And I'm sorry. If you could turn to  
00141:01 Tab 21.  
02 A. All right. Are we almost there?

Page 141:10 to 142:16

00141:10 (Marked Exhibit No. 12658.)  
11 Q. (BY MS. HANKEY) And this is August 15th  
12 of 2012. And if we turn to Page 2, you see  
13 there's an August -- a -- an incoming transfer  
14 from BP International of 1.25 billion?  
15 MR. NOMELLINI: Form and foundation.  
16 A. I do see that transaction.  
17 Q. (BY MS. HANKEY) And then on the -- it's  
18 Page 14 of the report at the very bottom, there's  
19 an outgoing transfer on behalf of "and at the  
20 direction of BPEP in satisfaction of certain  
21 obligations pursuant to the trust" for 1.25  
22 billion.  
23 A. And I see that transaction.  
24 Q. And if we could turn to Tab 23, and let's  
25 mark this as 12658.  
00142:01 MR. NOMELLINI: 12659 I believe.  
02 MS. HANKEY: Really? 12659.  
03 (Marked Exhibit No. 12659.)  
04 Q. (BY MS. HANKEY) And this is for  
05 November 15th of 2012. And on Page 1, there's an  
06 incoming transfer from BP International of \$860  
07 million.  
08 Do you see that?  
09 MR. NOMELLINI: Form and foundation.  
10 A. I see the transaction for 860 million.  
11 Q. (BY MS. HANKEY) And then on -- at the  
12 very last page, there's an outgoing money transfer  
13 on behalf of "and at the direction of BPEP in  
14 satisfaction of certain obligations pursuant to  
15 the trust" of \$860 million?  
16 A. I see a transaction for 860.

Page 142:22 to 142:22

00142:22 (Marked Exhibit No. 12660.)

Page 143:08 to 143:20

00143:08 Q. (BY MS. HANKEY) And do you know what an  
09 "IFA account" is?  
10 A. An internal funding account, and that's  
11 what that stands for.  
12 Q. And here, it's listing under "Statement,"  
13 the "Gulf of Mexico Incident" and BPX&P?  
14 A. The -- as I noted earlier, NAFCO basically  
15 acts as a bank account of behalf of BPX&P. So  
16 this would be a transaction or a balance with that  
17 account.  
18 Q. And so this is -- is this showing a  
19 transaction debiting the amount for payment to the  
20 es -- escrow account of 1.25 billion BPX&P?

Page 143:22 to 144:11

00143:22 A. This -- I'm not familiar with this  
23 particular document.  
24 Q. (BY MS. HANKEY) Okay. So you don't know  
25 how the -- the -- the -- you hadn't seen how the  
00144:01 accounting in the -- for the banking account for  
02 NAFCO was performed with respect to escrow  
03 payments?  
04 A. The -- the accounting for the escrow  
05 payments -- so, again, NAFCO would have funded  
06 that on behalf of BPX&P, referred to as BPE&P in  
07 these documents.  
08 At that point in time, BPX&P would  
09 have had a liability back to NAFCO, and NAFCO  
10 would have had a receivable back to BPX&P, and  
11 that's how that process would have worked.

Page 144:24 to 145:03

00144:24 (Marked Exhibit No. 12661.)  
25 Q. (BY MS. HANKEY) And if turn to Page 2,  
00145:01 there's an incoming transfer from BP International  
02 for \$1.25 billion.  
03 Do you see that?

Page 145:05 to 145:10

00145:05 A. I see a transaction for 1.25 billion.  
06 Q. (BY MS. HANKEY) And if we turn to the  
07 last page, there's an outgoing transfer on behalf  
08 of "and at the direction of BPEP in satisfaction  
09 of certain obligations pursuant to the trust."  
10 A. I see transaction for 1.25 million --

Page 145:12 to 145:12

00145:12 A. -- here.

Page 145:14 to 145:19

00145:14 Do -- do you know whether the  
15 transactions between BP International and NAFCO --  
16 the incoming transfers from BP International into  
17 the NAFCO account, do you know whether that would  
18 have been reflected as a transaction between those  
19 two companies?

Page 145:21 to 146:02

00145:21 A. Transfers between BP entities would be  
22 recorded between those two entities with an  
23 offsetting receivable and payable between those  
24 entities.  
25 Q. (BY MS. HANKEY) And would it be re --  
00146:01 recorded as working capital?  
02 A. I'm not sure.

Page 146:04 to 146:05

00146:04 A. I'm not sure how they would record that on  
05 their books.

Page 146:17 to 146:17

00146:17 (Marked Exhibit No. 12662.)

Page 146:22 to 146:23

00146:22 Q. And have you seen this document before?  
23 A. I have seen this document.

Page 147:05 to 147:20

00147:05 Q. (BY MS. HANKEY) So this is BP Corporation  
06 North America providing indemnity on behalf of  
07 BPXP; is that correct?  
08 A. Yes.  
09 Q. And the -- it's -- it's identified as:  
10 "The performance and compliance by BP Exploration  
11 & Production Inc., MMS Company Number 02481...with  
12 the terms and conditions of the lease,  
13 Right-of-Use and Easement, Right-of-Way and  
14 governing Federal regulations for all leases,  
15 RUEs," are -- "or ROWs in the Gulf of Mexico OCS  
16 Region, for which MMS has at any point recognized  
17 the indemnitee as a lease, RUE, or ROW interest or  
18 operating rights owner."  
19 And ask do you have any idea what

20 that means?

Page 147:22 to 147:22

00147:22 A. It's really not my area of expertise.

Page 149:12 to 153:09

00149:12 Could you explain the process for how  
13 contractors were paid and then how that was  
14 reflected in the financial statements, including  
15 the trial balance?  
16 A. The -- as you mentioned, a number of  
17 contractors your were used. The -- we used  
18 standard accounts payable processes. They're used  
19 in other businesses and entities across the U.S.  
20 You know, after the work was called  
21 out, the work was performed. Vendors would  
22 send -- well, we would provide the vendors with  
23 specific instructions on where to send their  
24 invoices and what information to include on those  
25 invoices, which would identify those as  
00150:01 incident-related costs.  
02 Those invoices would be sent in to  
03 our central scanning organization. At the time it  
04 was in Tulsa, Oklahoma. It's subsequently moved  
05 to San Antonio, Texas.  
06 At that location -- and it wasn't  
07 just incident costs, but many in -- invoices from  
08 different entities would come into that central  
09 scanning spot. They would scan the invoices.  
10 We have accounts payable staff  
11 outsourced to IBM at the time used to be a cent --  
12 or now it's a center in India. They would  
13 actually what we call index the invoices which  
14 would capture certain key elements about the  
15 invoice, the vendor number, the order number,  
16 different elements about that invoice, and then  
17 that was used to route the invoices to the  
18 particular groups that would be responsible for  
19 ultimately getting those approved and ultimately  
20 paid.  
21 So those invoices related to the  
22 incident would come to the accounts payable shop  
23 within the Gulf Coast Restoration Organization in  
24 support of the incident. And that group reported  
25 to me at the time -- well, after it was  
00151:01 transitioned from the Gulf of Mexico business  
02 unit.  
03 We -- that accounts payable team is  
04 responsible for obtaining appropriate approvals.  
05 Once those approvals were obtained, they would  
06 release that invoice into the financial system.  
07 At that point, a debit to expense  
08 would be charged to BPX&P, and a payable to that

09 vendor would be established on BPX&P's books as  
 10 well, okay. Assoc -- and so that was within our  
 11 SAP system.

12 Asso -- that payable would have a due  
 13 date associated with it. A payment program was  
 14 run every day through the SAP system. It would go  
 15 through all the list of payables and identify  
 16 which ones were due the following day. It would  
 17 pick those up, and then BP Company North America  
 18 would actually cut checks on behalf of BPX&P, or  
 19 they would, you know, they cut checks on behalf of  
 20 BPAPC and other companies as well, again, a  
 21 central paying agent in compliance with our  
 22 centralized cash and banking standard.

23 When that -- when that transaction --  
 24 that was an automated transaction, and an  
 25 automated entry was created between BPX&P and BP  
 00152:01 Company North America to recognize intercompany  
 02 receivable and intercompany payables.

03 So, again, the payable to the vendor  
 04 would be cleared on BPX&P books and would -- it  
 05 would be replaced with a payable to BP Company  
 06 North America.

07 Q. When BP Company North America makes a  
 08 payable on behalf of BPXP, is that always done in  
 09 an automated process?

10 A. When -- when BP Company North America  
 11 makes a payment on behalf of BPX&P, I believe so.  
 12 I can't think of any circumstances where it's not  
 13 an automated payment.

14 Q. What -- what is Fuego?

15 A. Fuego? Fuego is a -- it's an accounts  
 16 payable tool. It's -- you know, when I talked  
 17 about invoices getting scanned and indexed and  
 18 then routed to appropriate accounts payable  
 19 groups, Fuego is the application that sits outside  
 20 of SAP that contains information about order codes  
 21 and, you know, how to get things routed to the  
 22 appropriate people.

23 It also includes -- that's where you  
 24 would apply the accounting information, you know,  
 25 what type of expense, what -- what charge code to  
 00153:01 charge it to.

02 Q. Is the entry in Fuego then directly  
 03 entered into SAP?

04 A. Yeah. There's an automated interface.  
 05 So, again, once the accounts payable clerk has  
 06 obtained appropriate approvals, they click a final  
 07 button, and it's an automated entry into the SAP  
 08 financial system, again charging expense on  
 09 BPX&P's books and a payable to the vendor.

Page 154:15 to 155:03

00154:15 Q. Okay. Who made the decision to bill costs



16 to BPX&P?  
 17 A. Who made the decision to bill costs to  
 18 BPX&P?  
 19 Q. (Counsel nods.)  
 20 A. That decision was originally made by the  
 21 Gulf of Mexico business unit finance team which  
 22 was just an extension of continuing to charge the  
 23 owner of the leases and the responsible party  
 24 named -- responsible party named in the incident.  
 25 Q. And at the time that decision was made,  
 00155:01 who was in charge of the finance team in the Gulf  
 02 of Mexico?  
 03 A. Paul Kent was the controller at the time.

Page 155:15 to 155:23

00155:15 Q. Now, some of the spill-related costs were  
 16 not billed to BPXP; is that correct?  
 17 A. Some of the spill-related costs, yeah.  
 18 Incident-related costs were not billed to BPX&P.  
 19 Q. And do you know which costs those are?  
 20 A. I do.  
 21 Q. Okay. And what are those?  
 22 A. We have a bridge. Do we want to refer to  
 23 that, or I can just say it off the top of my head.

Page 156:15 to 156:15

00156:15 (Marked Exhibit No. 12663.)

Page 156:19 to 156:24

00156:19 Q. Okay. So what's this document?  
 20 A. This document represents the bridge  
 21 between the cost reflected on the BPX&P provision  
 22 continuity schedule, excluding legal, external  
 23 legal costs with what's reported in the stock  
 24 exchange announcement as of 1Q 2014.

Page 157:09 to 157:20

00157:09 Q. At the bottom it says "GCRO Totals"?  
 10 A. That's an acronym that I use to identify  
 11 the incident charges. So that would be made up of  
 12 the BPX&P incurred costs, as well as entities  
 13 other than BPX&P.  
 14 Q. And what -- what are you -- what does  
 15 "GCRO" stand for?  
 16 A. GCRO stands for Gulf Coast Restoration  
 17 Organization.  
 18 Q. Okay. So you're reflecting all of the  
 19 totals as GCRO totals even if they were incurred  
 20 by entities other than BPXP?

Page 157:22 to 162:11

00157:22       A. GCRO is an operating unit where  
23     significant amount of its costs are incurred by  
24     BPX&P. Other costs related to incident, as I --  
25     you know, equivalent to speak of GCRO are incurred  
00158:01 by other entities as detailed here. So...  
02       Q. (BY MS. HANKEY) So one of the things that  
03     the financial statements refers to as being  
04     outside of BPXP is the fine paid to the S.E.C. and  
05     so is -- is -- is that correct?  
06       A. The S.E.C. fine that was incurred that is  
07     reported is part of the total incident costs is  
08     outside BPX&P.  
09       Q. And is that -- are you including that on  
10     this provision?  
11       A. That cost is included in this schedule.  
12       Q. Okay. And so BPAPC costs, do you know  
13     what those costs are?  
14       A. The BPAPC costs are predominantly for  
15     employees of GCRO. When I had established books  
16     to account for the incident, those -- since BPAPC  
17     was the paying agent, I overlooked the process  
18     that's standard within BP to move those costs to  
19     the entity that should be incurring those costs.  
20     That -- those costs have subsequently been moved  
21     over to BPX&P.  
22       Q. Okay. So it -- when you say that they  
23     were "subsequently moved over" to BPXP, is it that  
24     at -- there's a date at which the entity that was  
25     being charged changed or are you actually moved  
00159:01 the -- the -- the cost that had been previously  
02     booked to BPAPC to BPXP?  
03       A. Could -- question for clarification.  
04     Originally BPAPC had been -- incurred the expense  
05     and had incurred the liability. In 2Q 2014, we  
06     reduced the expenses on an inception to date  
07     incurred on BPAPC and charged those expenses over  
08     to BPX&P. And as part of that transaction, BPX&P  
09     has a resulting liability back to APC for those  
10     charges.  
11       Q. So these costs identified here, the -- as  
12     BPAPC costs, and if I'm understanding correctly,  
13     these costs are no longer attributed to BPAPC,  
14     they now have been moved to BPXP?  
15       A. Effective, yeah, 2Q 2014, these costs were  
16     corrected and moved into BPX&P.  
17       Q. Okay. So -- so when the second quarter  
18     financial statements come out, would -- would --  
19     that change will likely be reflected?  
20       A. Yes. The 2Q costs will show zero cost  
21     incurred by BPAPC.  
22       Q. Okay. And other than those  
23     employee-related costs, did BPAPC have any other  
24     costs related to this bill?

25 A. There -- as part of that adjustment that I  
00160:01 referred to, predominantly that was BP salary  
02 people. There was probably a few contractors that  
03 may have been billed in there as well --

04 Q. Okay.

05 A. -- contract labor I should say. Other  
06 than that, I'm not aware of BPAPC incurring any --  
07 any other -- or any costs related to the incident.

08 Q. And who -- who made the decision to move  
09 the employee-related costs from BPAPC to BPXP?

10 A. That was a decision that -- that I made.

11 Q. Why?

12 A. I had become aware that -- that those  
13 costs had not been being charged into BPX&P per  
14 the standard process, and so I did consult with  
15 other people and then ultimately made that  
16 decision.

17 Q. Other than counsel, if you consulted with  
18 counsel, did you consult with -- who did you  
19 consult with?

20 A. I believe it was just counsel.

21 Q. Okay.

22 A. Yeah. Just to make sure there were no  
23 issues.

24 Q. And -- okay. The -- moving on, the BPXP  
25 change to UK, is that referring to the S.E.C.  
00161:01 fine? No?

02 A. No, that's not referring to the S.E.C.  
03 fine. The S.E.C. fine is contained in the UK  
04 costs.

05 Q. So what does BPXP -- is that charge to UK?

06 A. That's what that stands for, BPXP charge  
07 to the UK. Those were charges originally incurred  
08 on BPX&P's books. Tax goes through a process each  
09 year just to review charges to make sure that  
10 charges are landed in the appropriate entity  
11 that -- for taxing authorities. Certain charges  
12 were deemed primarily legal that were really in  
13 support of incident-related costs in support of  
14 people outside the U.S.

15 So on an annual basis, we make -- we  
16 identify those charges, and if there are any of  
17 those charges, we move those back over to the  
18 appropriate taxing locations.

19 Q. So what -- what -- what -- what are the  
20 legal costs that would have been included in that  
21 line item?

22 A. An example would be legal costs incurred  
23 in order to support the board related to  
24 incident-related activities would be an example of  
25 legal cost incurred associated with the incident,  
00162:01 originally charged into BPX&P, identified, and  
02 then charged back over to the UK for where the  
03 benefit was actually at.

04 Q. Do you know when those costs were moved?

05 A. Adjustments have been made. I think we

06 made one in 2011, one in 2012, and another one in  
 07 2013. So, again, it's -- it's an annual review  
 08 process that tax supports.  
 09 Q. So do all the -- do all the legal fees  
 10 related to the Macondo incident get charged to  
 11 BPXP as a starting point?

Page 162:13 to 163:05

00162:13 A. The -- the BPX& -- well, the legal fees  
 14 for third parties are charged to BPX&P. I'm not  
 15 aware of any charges other than what's listed on  
 16 this sheet that would relate to legal costs billed  
 17 outside of BPX&P other than what's identified on  
 18 this chart, related to the incident.  
 19 Q. (BY MS. HANKEY) So -- so, for example,  
 20 Mr. Nomellini sends you a bill. Does he send his  
 21 bill to BPXP?  
 22 A. Kirkland & Ellis bill for his work  
 23 supporting the incident is charged to BPX&P.  
 24 Q. And if, as part of their work, the --  
 25 the -- if -- is that true of all the law firms  
 00163:01 working on litigation related to this bill?  
 02 A. Are you asking me if the same process  
 03 works for legal from supporting the incident?  
 04 Q. So -- so, for example, Covington is  
 05 another law firm. Are -- are -- are all -- are

Page 163:08 to 163:20

00163:08 A. Anything that -- any costs related to the  
 09 incident from a legal standpoint I believe would  
 10 have been charged into BPX&P.  
 11 Q. (BY MS. HANKEY) How about litigation from  
 12 shareholders?  
 13 A. Are you asking about legal support related  
 14 to costs for litigation --  
 15 Q. Correct?  
 16 A. -- associated with shareholder lawsuits?  
 17 Q. Correct?  
 18 A. Again, any legal fees associated with  
 19 supporting the incident would have been likely  
 20 billed into BP -- or billed into BPX&P.

Page 164:02 to 164:15

00164:02 Q. (BY MS. HANKEY) Well, and so -- and that  
 03 was -- well, part of my question is: Are those  
 04 fees then at -- at some point -- are -- are any of  
 05 those fees, other than the ones that you described  
 06 earlier, take -- shifted from BPXP to another BP  
 07 entity?  
 08 A. Again, the tax -- and that's what this 160  
 09 million on the chart represents is accumulation of

10 charges that BPX&P had originally incurred that or  
 11 subsequently had been identified was in support of  
 12 the tax department to be billed to other entities.  
 13 Q. And does share -- litigation related to  
 14 shareholder lawsuits, is that included in that  
 15 category?

Page 164:17 to 166:19

00164:17 A. I can't speak to the details made up of  
 18 that 160.  
 19 Q. (BY MS. HANKEY) Okay. And so between  
 20 that line item and the line item "BPXP Legal  
 21 Costs," is that the total legal fees associated  
 22 with the incident?  
 23 A. The "BPXP Legal Costs" are the third-party  
 24 legal costs incurred by BPX&P associated with the  
 25 incident.  
 00165:01 Q. And so that line item in addition to BPXP  
 02 charge to UK?  
 03 A. The line BPXP charge to the UK is  
 04 predominantly legal. I believe there's some early  
 05 media costs that may have been charged into BPX&P  
 06 that were subsequently charged over to -- to the  
 07 UK.  
 08 Q. And how about the line item "UK Costs,"  
 09 what does that include?  
 10 A. The "UK Costs" line includes the S.E.C.  
 11 fine, which was 525 million plus an amount for  
 12 administration of that fund. So we have a  
 13 provision established for that.  
 14 And then there is a small charge  
 15 related to administrative support on UK entities  
 16 over -- in that entity as well.  
 17 Q. And what is the "Jupiter Insurance"?  
 18 A. So Jupiter is an entity that supports our  
 19 self-insurance program. So BPX&P had been paying  
 20 premiums for insurance. In 2010, they were --  
 21 Jupiter end up making a payment to BPX&P for that  
 22 insurance payout.  
 23 So BPX&P incurred -- well, received a  
 24 recovery for insurance proceeds, and those are  
 25 reflected on the BPX&P financial statements.  
 00166:01 The -- and then Jupiter, which is a UK company,  
 02 actually incurred the charge. And so from a  
 03 consolidation standpoint, those were eliminated  
 04 out.  
 05 And I do want to point out any time  
 06 charges are moved from one entity to another, we  
 07 create a -- a receivable and a resulting liability  
 08 that are ultimately settled.  
 09 Q. If we could turn to Tab 52, which is in  
 10 your Volume No. 1. So we're back to the trial  
 11 balance. I wanted to ask you about the -- the  
 12 page labeled "Employment Costs." So this is

13 Exhibit 12646. So under -- on Line Item 2, it  
14 says the "Business Area" is "2200 GoM Incident  
15 Response."

16 A. That -- so this report represents the  
17 employee costs for BP Exploration & Production  
18 excluding any incident-related costs. So that was  
19 the request I had had.

Page 168:09 to 168:14

00168:09 Q. Do you know, with respect to the costs  
10 included on this page, does this include employees  
11 outside the Gulf of Mexico business unit?

12 A. So you -- you asked me does this report  
13 include people outside of the Gulf of Mexico  
14 business unit?

Page 168:16 to 168:23

00168:16 A. This report would include any staff  
17 supporting a BPX&P entity other than  
18 incident-related. As I noted before, we do have a  
19 couple of small operating entities, like IST,  
20 Integrated Supply & Trading, that has some  
21 activity on BPX&P. So if there was any employees  
22 related to that organization, they would be  
23 charged into BPX&P as well.

Page 169:02 to 169:07

00169:02 Q. Would this include costs, for example, of  
03 someone from finance providing support to the Gulf  
04 of Mexico business unit?

05 A. There are finance function people that  
06 were part of the Gulf of Mexico business unit.  
07 Their costs would be charged to BPX&P.

Page 170:06 to 170:23

00170:06 (Marked Exhibit No. 12664.)

07 Q. (BY MS. HANKEY) So which are the  
08 documents that look fam -- familiar to you?

09 A. I believe I've seen versions of the second  
10 document, which is the "D&C Forecast," versions of  
11 the next document, which is the "Accrual  
12 Template," versions of the next document, which  
13 are the costs.

14 I don't recall seeing the schedule  
15 that's titled "Dispersants Detail."

16 The next document is a -- looks like  
17 an SAP project report, and I'm familiar with the  
18 structure, but not necessarily this particular  
19 report. Again, the next page -- again, looks like

20 a standard SAP report but not familiar with --  
21 particularly with that particular report.  
22 I can't read the next page, and I'm  
23 not sure -- it doesn't look familiar.

Page 172:20 to 172:20

00172:20 (Marked Exhibit No. 12665.)

Page 173:03 to 173:06

00173:03 Q. On pages -- it says -- it's Pages 5 and 6.  
04 It describes the "Invoice Validation  
05 Requirements."  
06 A. I see that.

Page 174:01 to 174:01

00174:01 Exhibit 12647.

Page 174:03 to 177:16

00174:03 Q. Yeah. This is the provision continuity  
04 schedule for BPXP excluding legal costs related to  
05 the incident. So you don't necessarily have to  
06 put it up. I -- I first wanted to just ask you:  
07 How did you create the spreadsheet?  
08 A. This particular spreadsheet was requested  
09 by counsel, but I do prepare a spreadsheet on  
10 behalf of all incident-related costs on a  
11 quarterly basis. The -- it was a way to track,  
12 with appropriate level of information, the  
13 components of our spend.  
14 The -- the structure was initially  
15 established based on categories of provisions that  
16 are defined in our -- how we externally report.  
17 See -- see "Spill Response," "Environmental,"  
18 "Legal/Claims," "Other," and then we have  
19 functional costs in there. The -- some of the  
20 initial subcategories within those categories were  
21 what was being tracked at the early part before I  
22 arrived so we continued to track those. A good  
23 example would be "Relief Well," "Source Control,"  
24 a number of other items.  
25 So then each quarter, we -- I -- I  
00175:01 run reports out of SAP, and that's evolved over  
02 time as we've progressed or improved our -- our  
03 cost capture for these subelement categories.  
04 And then I fill out this chart for  
05 what would be considered a period cost, so those  
06 were early costs before we actually started  
07 provisioning specifically in 2Q. It includes  
08 costs that we don't provision, so our ongoing

09 functional costs supporting the incident.

10 Also look at the amounts utilized,  
11 and that would actually be expenses incurred,  
12 which are recorded in our SAP system and part of  
13 the trial balance.

14 We also identify any amounts provided  
15 for new pro -- changes -- new provisions, changes  
16 to existing provisions. That's also reflected in  
17 BPX&P trial balance, and those are included on  
18 here as well. And it's really just a rolling -- a  
19 rolling schedule to make sure that it's my control  
20 mechanism to make sure that we're appropriately  
21 accounting for costs.

22 Q. So I'm going to ask you to backtrack just  
23 a little. So -- so you go into SAP and you run a  
24 report from SAP, and what specifically -- are --  
25 are you running a report using specific cost  
00176:01 codes?

02 A. Yes. So the way our financial systems are  
03 structured, legal entity is the primary basis. So  
04 we have BPX&P. There's -- the organization has  
05 other legal entities. And then we have code  
06 structures that identify operating activities, be  
07 it GoM or be it Gulf Coast Restoration  
08 Organization that may operate on BPX&P.

09 So for instance, we would establish  
10 code structures for specific activities and  
11 identify those as incident-related cost capture  
12 codes. And then those get rolled up from a --  
13 through a hierarchal reporting structure.

14 So within SAP, you know, whether it's  
15 the core financial system or through the Business  
16 Warehouse, you can pick the specific codes that  
17 identify incident-related costs and then those  
18 will be produced on a report, and that's what's  
19 used to help generate these -- these -- these --  
20 this -- this file.

21 Q. And you -- you run -- you said you -- that  
22 you run a report regularly. Are you doing that  
23 quarterly?

24 A. I run that quarterly to complete this  
25 worksheet.

00177:01 Q. And is the only difference between this  
02 worksheet -- worksheet and the one that you  
03 typically run, that it excludes the legal costs?

04 A. It excludes the legal -- the cost excludes  
05 the costs that were associated with that bridge  
06 that we reviewed earlier.

07 Q. So does the report that you typically run  
08 include all of those costs?

09 A. The report I typically run includes our  
10 local reporting systems wouldn't have the Jupiter  
11 charge or wouldn't have the S.E.C. charge. But I  
12 get a report from those entities that identify  
13 those charges. Those are very small and -- well,  
14 they're discrete charges. So -- and then I use



15 those to help support completing the schedule as  
16 well.

Page 178:05 to 178:09

00178:05 Q. (BY MS. HANKEY) So do you know how the --  
06 the way that the numbers are compiled for the  
07 quarterly annual -- annual reports, how was that  
08 distinct from the way that you've run this report?  
09 A. The --

Page 178:12 to 178:21

00178:12 A. These are just, I guess, one -- one cost  
13 for the BP PLC. But if you look at Note 2, which  
14 is -- identifies our incident-related costs, those  
15 are produced through the trial balance feeds split  
16 between -- you know, so for instance, BPX&P, the  
17 GCRO portion, you know, the GCRO activities that  
18 are -- that are incurred on BPX&P, as well as  
19 those other bridge reports are fed up to London,  
20 and they use that for the -- for the official  
21 publications.

Page 179:01 to 179:01

00179:01 Exhibit 11964.

Page 179:03 to 179:22

00179:03 Q. This is the "General Services Agreement"  
04 between BP Exploration & Production Inc. and BP  
05 America Production Company.  
06 Have you seen this document before?  
07 A. I have seen this document. I have not  
08 read through it.  
09 Q. Okay. Do you know on the trial balance,  
10 is it possible to identify any costs that are  
11 being provided -- expensed under this agreement?  
12 A. It's not particularly evident. You won't  
13 see a -- what you -- what you will see is payables  
14 and receivables being generated on the BPX&P trial  
15 balances to BPAPC.  
16 The -- any BPAPC salaried employee is  
17 being charged into BPAPC, that would -- you would  
18 see that as part of a salary charge which would be  
19 a subelement beneath those ECCS codes. So if --  
20 if those -- and if a BPX&P staff member was being  
21 paid by BPAPC and it was subsequently charged into  
22 BPX&P, you would see that charge there.

Page 180:09 to 180:19

00180:09 Q. (BY MS. HANKEY) If we go to the last  
10 page -- the second-to-last page, really, under  
11 Section 15.2, which is "Addresses," it lists  
12 addresses for BP America Production Company and  
13 addresses for BP Exploration & Production Inc.,  
14 and they -- they both have the same address and to  
15 the "Attention" of the "Legal Group."  
16 Do you see that?  
17 A. I do see that.  
18 Q. Is there a function within BP -- the BP  
19 Group that is a legal function?

Page 181:06 to 181:16

00181:06 A. So if your question is to ask me, does BP  
07 have a legal function, the answer is yes.  
08 Q. (BY MS. HANKEY) And so are -- do  
09 people -- do people working within that function  
10 service the Gulf of Mexico business unit?  
11 A. People within the legal function would  
12 service the Gulf of Mexico business unit.  
13 Q. And do you know whether the same people  
14 would have serviced BP America Production Company  
15 and BP Exploration & Production Inc. within the  
16 Gulf of Mexico?

Page 181:19 to 181:24

00181:19 A. Yeah. I -- I don't know the exact answer  
20 to that. If a -- if a -- if a functional person  
21 was supporting the Gulf of Mexico assets, those  
22 charges would go into BPX&P. If legal people were  
23 supporting BPAPC, those charges would go to BPAPC  
24 for that direct support.

Page 182:19 to 182:19

00182:19 (Marked Exhibit No. 12666.)

Page 182:25 to 183:06

00182:25 Q. So this is part of the "Regional Oil Spill  
00183:01 Response Plan" for the Gulf of Mexico, and it's  
02 submitting contractual agreements under the plan.  
03 And if we could turn to Page 2 --  
04 boy, is that going to be hard to read -- it  
05 appears to be referring to BP Shipping also known  
06 as BP Products North America, Inc.?

Page 183:13 to 183:25

00183:13 Q. Yeah. So just under the date, and  
14 actually on the second page, you can see the --

15 the membership certificate for Clean Caribbean  
 16 Corporation is issued to "BP Shipping U.S.A., a  
 17 division of BP Americas, Inc."?

18 A. I do see "BP Shipping U.S.A." on that  
 19 document.

20 Q. And then on the next page, it has the --  
 21 it's -- so that's the certificate of membership  
 22 for BP Shipping --

23 A. BP Shipping --

24 Q. -- to Clean Caribbean Corporation.

25 And if we turn to Page 4, it has the

Page 185:09 to 185:14

00185:09 Q. And then on the next page is BPAPC and The  
 10 O'Brien's Group?

11 A. Yeah, I do see that on that document.

12 Q. And would you agree with me that none of  
 13 these agreements are with BP Exploration &  
 14 Production Inc.?

Page 185:17 to 185:22

00185:17 A. I can't speak to these documents. I've  
 18 not seen these documents. So I'm not sure what --  
 19 what's covered underneath them.

20 Q. (BY MS. HANKEY) Did -- did you see any  
 21 agreement entered with BP Exploration & Production  
 22 Inc.?

Page 186:01 to 186:01

00186:01 A. I don't see BPX&P on these documents.

Page 186:05 to 186:08

00186:05 (Marked Exhibit No. 12667.)

06 Q. (BY MS. HANKEY) And this is the "Service  
 07 Agreement" between Marine Spill Response  
 08 Corporation and BP America, Inc.?

Page 186:12 to 187:02

00186:12 Q. (BY MS. HANKEY) I -- as -- as -- as part  
 13 of your work as controller, did you ever review  
 14 contracts -- the contracts under which some of the  
 15 spill response costs were incurred?

16 A. I did not review these contracts.

17 Q. Did you ever review contracts?

18 A. I did review certain contracts.

19 Q. And have you ever reviewed any contracts  
 20 with the Marine Spill Response Corporation?

21 A. I don't recall reviewing any contracts

22 specifically with the Marine Spill Response  
23 Corporation.  
24 Q. And do you know whether -- what -- do you  
25 know whether the Marine Spill Response Corporation  
00187:01 incurred costs as a -- as part of the spill  
02 response?

Page 187:04 to 187:08

00187:04 A. BPX&P incurred costs as a result of the  
05 incident, and Marine Spill Response Corporation  
06 was a contractor used for that response.  
07 Q. (BY MS. HANKEY) It -- it was one of the  
08 larger contractors, correct?

Page 187:11 to 187:11

00187:11 A. BPX&P incurred a large cost with MSRC.

Page 187:14 to 188:02

00187:14 (Marked Exhibit No. 12668.)  
15 Q. (BY MS. HANKEY) And this is a "Fire Boom  
16 Replacement Agreement" between BP America, Inc.,  
17 and Marine Spill Response Corporation, dated  
18 September -- signed September 21st, '10, by Thomas  
19 Cleveland for BP America, Inc.?  
20 A. I can see that.  
21 Q. And do -- do you see that this agreement  
22 is for fire boom use during the DEEPWATER HORIZON  
23 spill?  
24 A. Per the second sentence, I do see fire  
25 boom used in the DEEPWATER HORIZON spill.  
00188:01 Q. So do you know why BP America had in place  
02 the contract for spill response --

Page 188:05 to 188:07

00188:05 Q. (BY MS. HANKEY) -- as opposed to BPX&P?  
06 A. That's really not within my scope of  
07 responsibility, so I can't speak to that.

Page 188:13 to 188:17

00188:13 Q. Sure. I just wanted to know -- I just  
14 want to know whether there was any formal process  
15 in place by which expenses incurred under the  
16 contract with BP America were then expensed to  
17 BPXP?

Page 188:20 to 189:04

00188:20 A. Costs incurred by the incident were called  
21 out by BPX&P related to the BPX&P property that  
22 incurred the incident. And then these costs  
23 were -- any MSRC costs were directly charged into  
24 BPX&P.  
25 Q. (BY MS. HANKEY) Was there a formal  
00189:01 agreement in place between BP America and BPXP  
02 with respect to how those costs would be  
03 transmitted?  
04 A. I don't know that.

Page 189:06 to 189:06

00189:06 A. I don't know the answer to that.

Page 189:13 to 189:24

00189:13 (Marked Exhibit No. 12669.)  
14 Q. (BY MS. HANKEY) And this is a work  
15 release for -- for costs related to the incident;  
16 is that correct?  
17 A. Appears to be.  
18 Q. And the -- at the top, it says that:  
19 "This Work Release...is subject to the terms and  
20 conditions of Specialty Consulting Master Service  
21 Agreement RM-2010-011, effective 28 August by and  
22 between BP America Inc. and Entrix,  
23 Inc.,...collectively referred to herein as  
24 parties"?

Page 190:04 to 190:14

00190:04 A. It says: "This Work Release...subject to  
05 the terms and conditions of Specialty Consulting  
06 Master Services Agreement RM-2010-11 effective 28  
07 August by and between BP America Inc. and Entrix,  
08 Inc. (Contract), collectively referred herein as  
09 parties."  
10 That's what it says.  
11 Q. And on that third page, the -- the --  
12 it -- the work -- the release is actually signed  
13 by someone on behalf of BP America, Inc.?  
14 A. That's what the document indicates.

Page 190:22 to 191:01

00190:22 Q. (BY MS. HANKEY) Sure. Do you know  
23 whether there was any agreement in place between  
24 BP America, Inc. and BPXP, Inc., whereby costs  
25 incurred under this contract between BP America  
00191:01 and Entrix would be expensed to BPXP?

Page 191:04 to 191:07

00191:04       A. I'm not aware of any specific contract  
05   between those entities. I do see that BP  
06   Exploration Production was named as where the --  
07   the billings were to go.

Page 191:23 to 191:23

00191:23   (Marked Exhibit No. 12670.)

Page 191:25 to 192:07

00191:25       Q. (BY MS. HANKEY) This is an E-mail chain  
00192:01   from November 4th, 2010, attaching a list of  
02   vendors, a key vendor listing that was prepared  
03   for Bob Dudley; is that correct?  
04       A. It has been awhile since I've seen this.  
05   Can you point to me where it was in preparation  
06   for Bob Dud -- oh, that's the actual title of  
07   the --

Page 192:13 to 192:23

00192:13       Q. Yeah. And -- and attached is a list of  
14   vendors and how much has been paid to those  
15   vendors; is that correct?  
16       A. That looks like a familiar list of vendors  
17   that incurred costs related to the incident.  
18       Q. And number one is the Marine Spill  
19   Response Corporation?  
20       A. That was the number one supplier at the  
21   time.  
22       Q. And down there at number 29 is Entrix?  
23       A. I see that as well.

Page 193:07 to 193:18

00193:07       Q. (BY MS. HANKEY) So do you -- were the --  
08   I mean, there are ads, for example, where Iris  
09   Cross, who -- who was one of the community  
10   outreach folks, is in the commercial.  
11       A. Uh-huh.  
12       Q. Do you remember that?  
13       A. I do remember that, yes.  
14       Q. And Mr. Utsler --  
15       A. I saw Mr. Utsler.  
16       Q. -- was in several commercials.  
17               And do you know whether those  
18   commercials were paid with -- paid for by BPXP?

Page 193:20 to 194:06

00193:20       A. I don't believe those commercials were

21 paid for by BPX&P.

22 Q. (BY MS. HANKEY) The -- the GCRO, as part  
23 of their outreach efforts, also did some  
24 sponsorships or local events and things like that;  
25 is that right?

00194:01 A. GCRO, as an organization, did have a  
02 Public and Government Affairs as -- early on in  
03 the related incident, and they were doing some  
04 element of sponsoring.

05 Q. And do you know if those costs were paid  
06 for by BPXP?

Page 194:08 to 194:22

00194:08 A. I'd have to look at specific costs.

09 Q. (BY MS. HANKEY) How would you?

10 A. How would I look at specific costs? There  
11 was a lot of activities going on. I can't tell  
12 you for sure which ones may or may not have been  
13 charged into BPX&P.

14 Q. So, for example, B -- they sponsored Jazz  
15 Fest one year.

16 Do you remember that?

17 A. I do remember that. But I can't recall  
18 where that charge ultimately ended up.

19 Q. Do you know whether any events that  
20 were -- that were organized by the Government and  
21 Public Affairs people working within the GCRO,  
22 were any of those costs not expensed to BPXP?

Page 194:24 to 195:03

00194:24 A. Again, I -- I -- I don't know the answer  
25 to that. I was trying -- I'm trying to think of a  
00195:01 line item -- specific line item on our schedule  
02 that might remind me of, you know, what those  
03 costs might have been. Yeah.

Page 195:12 to 195:14

00195:12 Q. (BY MS. HANKEY) So does that refresh your  
13 recollection at all as to whether any of the costs  
14 were paid by BPXP?

Page 195:16 to 195:18

00195:16 A. Nothing -- well, I can't say whether --  
17 for a fact whether these charges were or were not  
18 charged into BPX&P as part of the incident.

Page 195:20 to 195:21

00195:20 A. None of these just jump out as an obvious

21 fact.

Page 196:15 to 197:15

00196:15 (Marked Exhibit No. 12671.)  
16 Q. (BY MS. HANKEY) And this is the BP  
17 America annual report for 2010, correct?  
18 A. It looks like that, yes.  
19 Q. And I'm going to ask you to turn to  
20 Page 20 of that report, and this has charges  
21 related to the Gulf of Mexico oil spill?  
22 A. It does.  
23 Q. So I wanted to ask you, if you look at  
24 the -- the spreadsheet, Exhibit 12647, if I'm  
25 understanding this correctly, at the end of 2010,  
00197:01 there's a pre-tax loss of 39.3 billion  
02 approximately.  
03 A. 38.9?  
04 Q. Where is the 38.9?  
05 A. Oh, I'm sorry. Are you -- you're looking  
06 at the provision continuity schedule? I'm sorry.  
07 Q. I was looking at the end of 2010.  
08 A. Oh, the end of 2010. I'm sorry.  
09 Q. Sorry.  
10 A. 39.3 billion.  
11 Q. And on the BP America report, it reflects  
12 a loss of 32.5 billion?  
13 A. Correct.  
14 Q. Is -- can that be explained?  
15 A. I know --

Page 197:17 to 197:22

00197:17 A. I know a -- these BP America, Inc.,  
18 reports are on a U.S. GAAP basis. This particular  
19 schedule is IFRS basis, and do we have IFRS to  
20 U.S. GAAP differences.  
21 Q. (BY MS. HANKEY) And do you know what the  
22 differences are?

Page 197:24 to 198:25

00197:24 A. We have three primary differences and  
25 they're related to discounting of liabilities.  
00198:01 The one most impacting the difference would be on  
02 how we account for the trust for IFRS versus U.S.  
03 GAAP.  
04 Q. (BY MS. HANKEY) And so what would be the  
05 difference?  
06 A. For IFRS, we -- we've referenced IFRIC 5,  
07 International Financial Reporting Interpretation  
08 Committee. It's a -- a standard that allows  
09 whenever you establish a separate asset for the  
10 support of environmental restoration,



11 decommissioning, and that asset is outside of the  
 12 direct control of the corporation, you can expense  
 13 that asset. So at that point, we expensed the 20  
 14 billion discounted.

15 And then as we identify liabilities  
 16 against that asset, we have a right to  
 17 reimbursement from that asset, and so that's how  
 18 we were accounting for that within IFRS.

19 For U.S. GAAP, they don't recognize  
 20 that standard. Therefore, what's expensed on U.S.  
 21 GAAP purposes would have been just the liabilities  
 22 payable from the trust that had been identified to  
 23 date and not the full amount of the -- the trust  
 24 amount.

25 Did that make sense?

Page 199:06 to 200:05

00199:06 Q. (BY MS. HANKEY) Yeah. I can try.

07 So if 2010, if I'm understanding what  
 08 the difference in 2010, there was money in the  
 09 trust for which no liabilities had yet been  
 10 provisioned, and therefore it could not be  
 11 accounted under GAAP?

12 A. That's not correct. U.S. GAAP -- so U.S.  
 13 GAAP recognizes the -- the costs identified in --  
 14 in the provisions that were identified to be  
 15 payable from the trust. At the end of 2010, we  
 16 had identified 12.6 billion --

17 Q. Uh-huh.

18 A. -- of costs to be paid from the trust.

19 Q. Uh-huh.

20 A. So that's what got expensed for U.S. GAAP  
 21 purposes.

22 For IFRS purposes, using IFRIC 5, we  
 23 were able to -- we -- we were -- we expensed the  
 24 entire \$20 billion discounted for the time value  
 25 of money at that point in time.

00200:01 So that would be approximately a \$7  
 02 billion difference in the reporting number which  
 03 is about the difference that we're seeing right  
 04 here.

05 Q. Okay. That explains it.

Page 203:24 to 204:06

00203:24 Okay. If we could turn to Tab 190,

25 which should be in the same binder, and this is

00204:01 the three quarter 2011 financial statement for  
 02 BPXP Inc.?

03 A. Yes.

04 Q. And so what -- what sort of financial  
 05 statements existed prior to this time or financial  
 06 information, I should say, for BPXP?

Page 204:08 to 205:06

00204:08 A. The -- well, the trial balances existed.  
 09 I'm not aware of a particular management  
 10 information reports specific.  
 11 Q. (BY MS. HANKEY) Did they -- do you know  
 12 if they prepare financial statements on the SPU  
 13 level?  
 14 MR. NOMELLINI: Form and foundation.  
 15 A. I would -- I wouldn't necessarily call  
 16 those financial statements. Each operating  
 17 business does report their results.  
 18 Q. (BY MS. HANKEY) I'm sorry. Did you say  
 19 quarterly results?  
 20 MR. NOMELLINI: No.  
 21 MS. HANKEY: He didn't?  
 22 MR. NOMELLINI: No.  
 23 Q. (BY MS. HANKEY) Oh, so each operating  
 24 business reports results. What -- what's the  
 25 format that they report their results in?  
 00205:01 A. The standard report would be similar to  
 02 the GAIT file. That would be the common format.  
 03 Businesses may have variations on how they want to  
 04 report, depending on how their particular  
 05 operating unit might want to see those -- those --  
 06 those numbers.

Page 205:19 to 205:21

00205:19 Q. In -- in -- in -- how are the tax returns  
 20 for BP America prepared with respect to BPXP prior  
 21 to the existence of the financial statements?

Page 205:23 to 207:21

00205:23 A. The -- the -- the -- the consolidation --  
 24 the consolidated tax returns that are filed by BP  
 25 tax have always relied on the trial balances by  
 00206:01 each legal entity. Again, a -- a -- a report does  
 02 not necessarily need to be generated for them to  
 03 get that information. They have access to that  
 04 information sim -- in a similar format to what I  
 05 had provided on the BPX&P trial balances.  
 06 Tax will look at each legal entity,  
 07 determine the taxable income associated with that  
 08 legal entity. They, of course, deduct out fines,  
 09 penalties, certain things, timing of -- of costs,  
 10 come up with a taxable income, apply a tax rate.  
 11 And then each one of those legal entities, for  
 12 instance BPX&P, would be recorded its share of tax  
 13 expense or tax credits, depending on whether it  
 14 had an income for the period or a loss for the  
 15 period.  
 16 Those taxes would be split between

17 current tax and deferred tax. Current tax would  
 18 be what we would send in as for deductions on a  
 19 consolidated return, and that's based on incurred  
 20 revenues and incurred expenses.  
 21 BPX&P would, for instance, have a  
 22 current tax receivable or a current tax payable at  
 23 the end of each quarter. And then through the  
 24 consolidation process, that receivable or payable  
 25 is cleared up through BP America for consolidation  
 00207:01 in -- in -- in the -- in the tax filings.  
 02 Of course as that receivable or  
 03 payable moves up, then there's a -- a debit, a  
 04 withdrawal, or a -- a deposit with NAFCO on behalf  
 05 of BPX&P and an offset to BP America.  
 06 We also -- tax also calculates  
 07 deferred tax. So all the things that we've  
 08 expensed on our profit and loss statement that we  
 09 have not yet incurred, so all of our provisions,  
 10 we do calculate a tax expense on that.  
 11 We have an offsetting deferred tax  
 12 asset on the balance sheet. And as those expenses  
 13 are incurred, those taxes are classified from  
 14 deferred to current, and then that unwinds the  
 15 deferred tax asset and runs through the -- the  
 16 balance sheet similar to what -- how I explained  
 17 the current taxes.  
 18 Q. (BY MS. HANKEY) Do you know if they used  
 19 your -- these financial statements to prepare  
 20 the -- the tax returns once -- now that they  
 21 exist?

Page 207:24 to 208:06

00207:24 A. No. Tax did not use these forms. They  
 25 continue to use the process they've used for many  
 00208:01 years, which is, again, the trial balance for  
 02 BPX&P.  
 03 Q. (BY MS. HANKEY) And who made the decision  
 04 to start preparing stand-alone statements for  
 05 BPXP?  
 06 A. Who made the decision?

Page 208:08 to 208:09

00208:08 A. I don't know who made the decision. I was  
 09 requested by Randy Latta.

Page 208:14 to 208:14

00208:14 (Marked Exhibit No. 12673.)

Page 208:20 to 209:04

00208:20 Can these costs here be tied into the  
 21 spreadsheet, the Tab 58 spreadsheet which is  
 22 Exhibit 12647?  
 23 A. The provision continuity schedule I had  
 24 collapsed, in the normal course of my business,  
 25 2010 and 2011. So you won't see individual  
 00209:01 quarters for those years on this schedule.  
 02 Q. Okay. Does this -- this balance sheet  
 03 reflect GCRO? Does it include GCRO costs?  
 04 A. This -- these fin --

Page 209:11 to 211:16

00209:11 A. These financial results here are for  
 12 BPX&P, which do include incident-related costs of  
 13 which GCRO was organized to help manage.  
 14 Q. (BY MS. HANKEY) Under "Current  
 15 Liabilities," it -- on the last sentence in that  
 16 paragraph, it says: "The increase in Group  
 17 payables reflect the incremental Trust funding of  
 18 1.25 funding that NAFCO performed on behalf of  
 19 BPEP, partially offset with overall net cash  
 20 funding back to BP Corporation."  
 21 And can you explain what that means?  
 22 A. Well, the Group payable would have  
 23 increased, therefore BPX&P would have incurred a  
 24 Group payable to NAFCO because if NAFCO makes a  
 25 payment on behalf of BPX&P, BPX&P owes a liability  
 00210:01 back to NAFCO reimburse them for that.  
 02 The "net cash funding back to BP  
 03 Corporation," if I recall, that's in reference  
 04 to -- that's "BP Corporation" is used as a generic  
 05 term and it probably should have been NAFCO, but  
 06 it's basically the proceeds that BPX&P earns are  
 07 deposited back to NAFCO.  
 08 Q. And the -- the payment here by NAFCO of  
 09 the 1.25 billion, was that done under any formal  
 10 agreement?  
 11 MR. NOMELLINI: Form and foundation.  
 12 A. The -- I don't know if there's a formal  
 13 agreement in place. It's a standard process that  
 14 BPX&P, as well as other BP entities, use with  
 15 NAFCO.  
 16 Q. (BY MS. HANKEY) Under expense, the last  
 17 sentence is -- say: "Purchases reflected in the  
 18 BEP [sic] consolidated results are primarily from  
 19 BP GoM UK entities operating in the Gulf and third  
 20 party royalty purchases."  
 21 A. Correct. That's what that says.  
 22 Q. What -- what is the -- what's -- what is  
 23 the transaction referring to here between BPEP and  
 24 the GoM UK entities?  
 25 A. We -- we had discussed earlier about, you  
 00211:01 know, I had defined those companies as UK  
 02 companies. It's actually GOMH Holdings.

03 Q. Okay.

04 A. So BPX&P buys net of royalties the oil  
05 from those entities. So that would effect -- on a  
06 BPX&P's books, it effects a purchase and then a  
07 corresponding payable back to those entities.  
08 Those entities would reflect the sale and a  
09 corresponding receivable back from BPX&P.

10 Q. And do they -- does -- do you know who  
11 BPXP sells that oil to?

12 A. I believe most of the oil is sold to BP  
13 Products North America. And when they sell that  
14 oil, again, they will generate a sale, reflect the  
15 sale, and it will have an intercompany receivable  
16 from BP Products North America.

Page 211:19 to 212:25

00211:19 (Marked Exhibit No. 12674.)

20 Q. (BY MS. HANKEY) And under group [sic]  
21 assets, the second-to-last sentence says: "The  
22 remaining downward movement in the Group  
23 receivables is reclassification of the NAFCO  
24 funding into group payables (to create a net  
25 overall position) partially offset with a nearly  
00212:01 900 million receivable for the monetization of  
02 deferred tax losses."

03 What is this reclassification of  
04 NAFCO funding that it's referring to?

05 A. NAFCO -- so on our -- on our balance  
06 sheet, the balances we had with NAFCO should be  
07 netted. So in some cases, you have a deposit with  
08 NAFCO which would create a receivable on BPX&P's  
09 books. When you withdraw from NAFCO, you create a  
10 payable.

11 This particular item in 3Q, I believe  
12 we had a receivable and a payable both reflected  
13 with NAFCO. And then basically what we did was we  
14 classified those back to -- it was a net overall  
15 payable, so we just collapsed those two working  
16 capital balances.

17 Generally, on our -- on our working  
18 capital, you will -- it's not uncommon that you  
19 may have receivables and payables with the  
20 company. And we generally report net -- the net  
21 position, and that's what that refers to.

22 Q. And do you owe -- is there interest paid  
23 on the payables to NAFCO?

24 A. There is interest paid on the amounts  
25 payable to NAFCO.

Page 213:04 to 213:23

00213:04 Q. Is that in an -- an agreement?

05 A. There is an agreement between BPX&P and  
06 NAFCO.

07 Q. On the -- on the left-hand side under  
 08 "GCRO Other," there's an expense of 3.5 billion.  
 09 Do you see that?  
 10 A. At the very bottom of the page referenced  
 11 695?  
 12 Q. Yes.  
 13 A. Yep.  
 14 Q. And do you know what that expense is for?  
 15 A. That's an outstanding provision for the  
 16 Clean Water Act fine.  
 17 Q. Do you know how the Clean Water Act fine  
 18 was calculated?  
 19 A. That's described in our annual report.  
 20 Q. And -- and do -- does BPXP have a plan in  
 21 place to pay that 3.5 billion?  
 22 A. I don't know the answer to that. That's  
 23 not within the scope of my responsibilities.

Page 214:06 to 214:10

00214:06 Q. When you said -- you said that the -- how  
 07 the 3.5 billion was calculated is explained "in  
 08 our annual report," are you referring to the BP  
 09 PLC?  
 10 A. The BP PLC annual report, yes.

Page 214:13 to 214:13

00214:13 (Marked Exhibit No. 12675.)

Page 214:18 to 215:05

00214:18 Under "Current Assets," it says:  
 19 "Current receivables are down offsetting the  
 20 increase in non-current receivables due to the  
 21 shift of Trust related claims to be pushed out  
 22 over the longer term. Current Group Receivable is  
 23 up 2.9 billion but should be viewed with a change  
 24 in Current Group Payable decrease 10.1 billion.  
 25 This total net asset improvement of 13 billion is  
 00215:01 largely driven by the one quarter 12 Capital  
 02 Contribution by parent company BP America  
 03 Production Company."  
 04 Did I read that right?  
 05 A. It looks like you did, yes.

Page 215:07 to 215:08

00215:07 Was -- do you know if the entire  
 08 capital injection was used to pay off Group debt?

Page 215:10 to 216:03

00215:10 A. The capital contribution is just one  
 11 source of cash. There are many sources of cash  
 12 within BPX&P. It's hard to say if that  
 13 specific -- those specific dollars were -- what  
 14 they were particularly used for. Again, a source  
 15 of cash, many uses of the cash.  
 16 Q. (BY MS. HANKEY) So if we -- if we look on  
 17 the left-hand column under "Current Group  
 18 Payables," the -- the -- it -- it's gone down  
 19 about \$10 billion; is that correct?  
 20 A. "Current Group Payables" has gone down  
 21 approximately 10 billion.  
 22 Q. Do you know whether that in -- that \$13  
 23 billion injection was used for GCRO expenses?  
 24 A. I -- again, I can't speak to what  
 25 specifically that was used for. The capital  
 00216:01 injection is just one of many sources of cash in  
 02 BPX&P. Cash is fungible and used for many  
 03 different sources.

Page 216:06 to 217:13

00216:06 (Marked Exhibit No. 12676.)  
 07 Q. (BY MS. HANKEY) So this is the second  
 08 quarter of 2012, the -- and the format has changed  
 09 a bit from the -- the last two that we looked at,  
 10 right?  
 11 A. Yes.  
 12 Q. Why -- why did it change?  
 13 A. That was me just continuing to evolve  
 14 the -- the report.  
 15 Q. Who were you providing this report to?  
 16 A. This report went to the company secretary  
 17 and on to the BPX&P board.  
 18 Q. Who is the company secretary?  
 19 A. The company secretary I work with is Jane  
 20 Stricker.  
 21 Q. Jane?  
 22 A. Jane.  
 23 Q. Did -- did anybody else review these  
 24 reports that you're aware of?  
 25 A. Randy Latta may have reviewed some of  
 00217:01 these prior to me sending them to Jane, and Randy  
 02 is on the BPXP board.  
 03 Q. Under "Current Assets" and "Current  
 04 Liabilities," the last sentence says: "This was  
 05 largely driven by the reduced liabilities from  
 06 Current" pay -- "Payables related to the quarterly  
 07 funding (by Group) of the 1.3 billion Trust  
 08 contribution which fundamentally shifts the  
 09 liability from the Trust to NAFCO when NAFCO funds  
 10 the Trust on BPXP's behalf."  
 11 Could you explain the last part of  
 12 that sentence, with the fundamental shift of the  
 13 liability from the Trust to NAFCO?

Page 217:15 to 218:02

00217:15 A. We -- so on our balance sheet, we had --  
 16 you know, we had expensed the \$20 billion for IFRS  
 17 purposes discounted for the time value of money.  
 18 We had a corresponding payable established on our  
 19 books.  
 20 When NAFCO makes those funding on  
 21 behalf of BPX&P, the way the accounting work  
 22 is the payable to the trust would obviously  
 23 decrease because we owe them less money. BPX&P  
 24 would owe them less money. But we now owe NAFCO  
 25 for funding that on our behalf. So BPX&P has an  
 00218:01 obligation not to the trust any more, but now to  
 02 NAFCO.

Page 218:24 to 221:17

00218:24 Q. And why did you decide to break GCRO out  
 25 at this point?  
 00219:01 A. That was a decision I made just to show  
 02 the impact of the incident on BPX&P's books.  
 03 Q. Did anybody ask you to --  
 04 A. I --  
 05 Q. -- perform --  
 06 A. I don't believe -- don't recall anyone  
 07 specifically asking me.  
 08 Q. And that first paragraph after the  
 09 chart -- the last sentence says: "BPXP Other is  
 10 predominantly is GoM RBU which shows positive net  
 11 assets of 15 billion."  
 12 What other -- is the "GoM RBU"  
 13 referring to the Gulf of Mexico --  
 14 A. Regional business unit.  
 15 Q. -- reg -- regional business unit?  
 16 So what other business units would  
 17 have been included in "BPXP Other"?  
 18 A. As I mentioned earlier, there are a couple  
 19 small other operating units. One that I -- comes  
 20 to mind is the Integrated Supply and Trading  
 21 organization, a small organization that operates  
 22 on -- as BPX&P entity.  
 23 Their primary responsibility is to  
 24 market the gas that sold off on behalf of -- for  
 25 BPX&P that are produced off the Gulf.  
 00220:01 Q. And then on the next page here, it -- it  
 02 talks about: "The schedule below provides a  
 03 forward view of BPXP..."  
 04 Do you see that?  
 05 A. Yes.  
 06 Q. And here, it actually attempts to go out  
 07 into four quarter '13?  
 08 A. Yes.  
 09 Q. And why was this forward view included?



10 A. That was a request, I believe, from Niloy  
 11 Shah who is on BPX&P board.  
 12 Q. Did he tell you why he was asking?  
 13 A. No.  
 14 Q. Do you know whether any of these financial  
 15 statements were provided to anyone outside of the  
 16 BP Group?  
 17 A. Not that I'm aware of.  
 18 Q. And it -- below the chart here, it --  
 19 the -- the next sentence says: "The GoM RBU SMOG  
 20 information from year 2011 would indicate that,  
 21 post 2013, discounted cash flows (10 percent)  
 22 would contribute another 24.1 billion to the  
 23 ultimate equity position."  
 24 What's "SMOG"?  
 25 A. "SMOG" is -- stands for "standard measure  
 00221:01 of oil and gas." It's a Financial Accounting  
 02 Standards Board, FASB, disclosure requirement for  
 03 oil and gas companies. It's a -- one -- it's --  
 04 their prescribed calculation to value the proven  
 05 oil and gas reserves, less development costs,  
 06 income taxes, associated exploration costs,  
 07 discounted at 10 percent.  
 08 I would point to, in our annual  
 09 report, that we actually do have SMOG disclosed in  
 10 our annual report. Again, it's a required  
 11 disclosure. BP does caution about relying on that  
 12 estimate as it does contain a number of arbitrary  
 13 assumptions and lack of comparability to  
 14 historical costs.  
 15 Q. When you say "our report," are you  
 16 referring to the BP PLC annual report?  
 17 A. The BP PLC annual report.

Page 222:09 to 223:01

00222:09 Q. (BY MS. HANKEY) Some of the assumptions  
 10 were arbitrary. Do you know which of the  
 11 assumptions are arbitrary?  
 12 A. My -- the things like the price that we're  
 13 required to use is basically an average of the  
 14 previous 12 months. That may or may not be  
 15 realistic. The development costs are based on a  
 16 continuation situation of existing economic  
 17 conditions into the future. General  
 18 administrative costs are not included in this  
 19 calculation.  
 20 I know the discount rate factor of 10  
 21 percent is applied universally, regardless of the  
 22 risk factors on an asset by asset of developing  
 23 those proved reserves.  
 24 Q. So does int -- when BP does internal  
 25 analysis, do they -- do they use something other  
 00223:01 than "proven"?

Page 223:04 to 223:05

00223:04       A. Yeah. I'm -- I'm not within my scope of  
05 responsibilities, so I can't answer that.

Page 223:17 to 223:22

00223:17   Then -- and this is the first time  
18 that we saw the "Legal Structure" included. Do --  
19 do you know why that was included?  
20       A. Again, I believe that was just a decision  
21 on my part to continue to enhance the -- the  
22 report.

Page 224:04 to 224:07

00224:04       Q. Yeah. I asked specifically about the  
05 parent in terms of the legal structure for the  
06 parent of BPXP. Parents of BPXP, did that change  
07 between 2010 and the time of this report?

Page 224:13 to 224:19

00224:13       A. So you're asking me if B -- if BPAPC has  
14 been the parent from the end of 2010 through --  
15       Q. (BY MS. HANKEY) And I actually mean the  
16 entire chain.  
17       A. Oh, the entire chain, all the way up to BP  
18 PLC?  
19       Q. Exactly.

Page 224:21 to 225:02

00224:21       A. Yeah. I don't know the answer to that.  
22       Q. (BY MS. HANKEY) And how about the  
23 subsidiaries listed there, has that changed at all  
24 since year-end 2010?  
25       A. To today?  
00225:01       Q. No. I'm sorry. Year-end 2010 to the  
02 timing of this report?

Page 225:04 to 225:06

00225:04       A. Verano I know was established subsequent  
05 to 2010. And I'm not sure when BP Offshore  
06 Response Company was established.

Page 225:13 to 225:24

00225:13       Q. And what about BP Offshore Response  
14 Company?  
15       A. I know currently that's the BP affiliate

16 that's -- participates in the marine well  
 17 containment company. So that was the industry  
 18 Group that was established, and we contributed a  
 19 capping stack to that -- that organization.  
 20 Q. And how about Verano?  
 21 A. Verano was established to hold the pledged  
 22 assets in the Gulf of Mexico as required -- I  
 23 believe it was required in part -- as part of the  
 24 trust agreement.

Page 226:12 to 226:25

00226:12 Q. Do you know what the value of the assets  
 13 in Verano was?  
 14 MR. NOMELLINI: Form and foundation.  
 15 A. No.  
 16 Q. (BY MS. HANKEY) Is -- does -- is Verano  
 17 still a subsidiary to BPXP?  
 18 A. Per this -- per the -- our legal system,  
 19 yes. Verano is still there.  
 20 Q. Do you know as of -- what the -- we're in  
 21 the second quarter of 2014, right? Does -- does  
 22 Verano still hold assets?  
 23 A. Verano -- I do know in 2Q, they're --  
 24 they're looking to close up Verano, yep, because  
 25 the trust has been fully funded.

Page 227:13 to 228:21

00227:13 Q. But to your understanding, has the  
 14 operation -- are the operations that sit within  
 15 the RBU the same as what sat within the SPU?  
 16 MR. NOMELLINI: Form and foundation.  
 17 A. Yeah. I can't speak to that.  
 18 MR. NOMELLINI: Be careful when  
 19 you're -- when you're answering -- strike that.  
 20 Q. (BY MS. HANKEY) So it says here in the  
 21 middle of the page: "There is approximately 11  
 22 percent of GoM RBU activity held within Gulf UK  
 23 entities."  
 24 So that should be GoMH Holdings?  
 25 A. Correct.  
 00228:01 Q. But -- so my question was going to be: Do  
 02 you know how the 11 percent was calculated?  
 03 A. Yes, I do.  
 04 Q. Can you tell me how, please?  
 05 A. The -- I looked at the Gulf of Mexico  
 06 business using those SAP Business Warehouse  
 07 reports. And you can look at a split by a legal  
 08 entity, and so I could see how much of the  
 09 activity was incurred and supported by BPX&P and  
 10 how much was on other entities. And I looked at  
 11 things like revenue, net income, fixed assets, net  
 12 assets, and 11 percent appeared to be a pretty  
 13 good proxy.

14 Q. When did you calculate the 11 percent?  
15 A. It would have been in -- well, it would  
16 have been for the 2Q '12 report if that's the  
17 first time that I had reported that.  
18 Q. And have you recalculated it since that  
19 time?  
20 A. I believe there was a recalculation at the  
21 end of 2012.

Page 228:24 to 228:24

00228:24 (Marked Exhibit No. 12677.)

Page 229:12 to 229:21

00229:12 Q. Sure. "Key balance sheet movements  
13 include an increase in Exploration Assets from the  
14 recent new acreage obtained in the Gulf and the  
15 use of approximately 1.4 billion in deferred tax"  
16 ass -- "assets, which will not be reflected  
17 through cash flow until 4Q."  
18 A. Okay.  
19 Q. Do you know what the new acreage that was  
20 obtained was?  
21 A. I don't -- don't recall that.

Page 230:02 to 230:14

00230:02 (Marked Exhibit No. 12678.)  
03 Q. (BY MS. HANKEY) And if you could turn to  
04 Page 3, under "Income Statement," it says: "This  
05 was partially offset with the transfer of 500  
06 million S.E.C. settlement from BPXP, which was  
07 previously expensed in the second quarter 2012 to  
08 BP PLC to reflect proper ownership of the  
09 agreement."  
10 Do you know who decide -- who made  
11 the decision to move this expense?  
12 A. I don't recall the specific person who  
13 made the decision, but I do recall the  
14 consultation that I was part of.

Page 230:21 to 231:09

00230:21 Q. (BY MS. HANKEY) Do you remember any of  
22 them?  
23 A. I think the BP America reporting team,  
24 likely someone from Group accounts in London.  
25 This was -- BP PLC was party to the agreement, and  
00231:01 we had incorrectly charged that to BPX&P so we  
02 needed to get that moved over to the party who  
03 actually had signed that agreement.  
04 Q. So BPXP had, am I correct, it's an IFA in

05 place with NAFCO?  
06 A. BPXP has an IFA in place with NAFCO.  
07 Q. And do you know what the amount of that  
08 IFA is?  
09 A. The limit is \$5 billion.

Page 232:14 to 232:18

00232:14 Q. Yeah. And here, in the fourth quarter of  
15 2011, the "Group Payables" is listed as 21  
16 billion, correct?  
17 A. Oh, "Group Payables." I think you had had  
18 mentioned "Group Receivables."

Page 232:25 to 233:01

00232:25 Q. Yes. Was there ever an IFA in place that  
00233:01 covered the total amount owed in "Group Payables"?

Page 233:03 to 233:05

00233:03 A. The IFA is a funding balance with NAFCO.  
04 Other balances are considered working capital  
05 balances.

Page 234:04 to 234:04

00234:04 (Marked Exhibit No. 12679.)

Page 234:11 to 234:20

00234:11 Q. On Page 4, I believe it's Page 4 under  
12 "Balance Sheet," in the middle of the paragraph,  
13 it says: "The GCRO negative net asset position is  
14 a result of prior year and current year post tax  
15 losses of 29,562 million, partially offset with a  
16 2012 BPAPC capital contribution of 13,916  
17 million."  
18 Does that reflect that the capital  
19 contribution went to GCRO -- was -- was used to  
20 fund the GCRO expenses?

Page 234:22 to 235:15

00234:22 A. Not necessarily. That's -- GCRO and --  
23 is -- it's all BPX&P because the capital  
24 contribution was directed at GCRO doesn't  
25 necessarily mean that that was used specifically  
00235:01 for incident-related costs.  
02 Q. (BY MS. HANKEY) But what -- what costs --  
03 if -- if it -- what cost did the GCRO have that  
04 are not incident-related?

05 A. Well, a capital contribution is not a -- a  
 06 cost. That's part of equity.  
 07 Q. And what -- when -- so you -- in -- in  
 08 per -- doing this balance sheet, you've segregated  
 09 out GCRO, correct?  
 10 A. As defined in the -- in the trial balance,  
 11 the -- the capital injection was recorded on a  
 12 split, which included GCRO.  
 13 Q. And do you know how much of the capital  
 14 contribution was portioned on the balance sheet to  
 15 GCRO?

Page 235:17 to 235:25

00235:17 A. Again, the GCRO is BPX&P, and so it was  
 18 recorded on the GCRO portion of BPX&P.  
 19 Q. (BY MS. HANKEY) And is that true for the  
 20 entire capital contribution?  
 21 A. The entire capital contribution of 13.9  
 22 billion was on the GCRO portion of the BPX&P's  
 23 books. And, again, that -- the capital  
 24 contribution is not an expense, just exactly what  
 25 it is, is just a capital contribution into equity.

Page 236:03 to 236:21

00236:03 (Marked Exhibit No. 12680.)  
 04 Q. (BY MS. HANKEY) And on the -- I guess  
 05 it's the third page towards the top of the  
 06 paragraph, in the -- in the first paragraph, the  
 07 last sentence, it says: "The Horn" mat --  
 08 "Mountain asset, in which BP held 33 percent  
 09 interest, was ultimately allocated a large portion  
 10 of the total proceeds which were then subsequently  
 11 applied to BPAPC in a proportionate share of their  
 12 asset position in that asset."  
 13 A. Let me see. "Horn Mountain asset," okay.  
 14 I see that.  
 15 Q. Do you know if B -- what other assets  
 16 BPAPC owns a percentage interest in?  
 17 A. I don't know the specific assets.  
 18 Q. Do you know whether Horn Mountain had been  
 19 included in the SMOG?  
 20 A. Prior to the sale, it would have been  
 21 included in the SMOG.

Page 237:03 to 238:07

00237:03 (Marked Exhibit No. 12681.)  
 04 Q. (BY MS. HANKEY) It says under -- it's  
 05 third page under "Income Statement": "Third  
 06 quarter 2013 was negatively impacted by  
 07 impairments and exploration write-offs."  
 08 Can you explain that statement?

09 A. I'm sorry. Could you --  
 10 Q. Yeah, under "Income Statement."  
 11 A. Oh, "Income Statement." Okay. Yes.  
 12 Q. It's the second-to-last sentence in the  
 13 first paragraph. The "Third" -- "Third quarter  
 14 2013 was negatively impacted by impairments and  
 15 exploration write-offs."  
 16 A. Oh, I see. "Third quarter 2013 was  
 17 negatively impacted by impairments and exploration  
 18 write-offs."  
 19 Gulf of Mexico had impairments d  
 20 exploration write-offs.  
 21 Q. So can you explain -- what does that mean  
 22 that it -- what does an "impairment" and what's an  
 23 "exploration write-off"?  
 24 A. "Exploration write-off" could be a result  
 25 of a dry hole. "Impairments" are generally the  
 00238:01 assessed value of an asset is lower than its book  
 02 value.  
 03 Q. And generally, how are exploration assets  
 04 incorporated into the financial statements?  
 05 A. How are exploration assets incorporated  
 06 into the -- it would be reflected as part of our  
 07 fixed assets on the balance sheet.

Page 238:11 to 238:13

00238:11 Q. (BY MS. HANKEY) So are proven reserves,  
 12 for example, included on the balance sheet?  
 13 A. Are proven reserves --

Page 238:15 to 239:03

00238:15 A. Proven reserves are not specifically  
 16 valued on the balance sheet. Book value of the  
 17 fixed assets is a -- a -- one type of valuation of  
 18 those -- of -- of those reserves.  
 19 Q. (BY MS. HANKEY) The -- the book value of  
 20 the fixed asset, does that include the value of  
 21 hydro -- hydrocarbons that are --  
 22 A. The book value of the fixed assets is the  
 23 cost incurred to date to get reserves to a certain  
 24 position, could be proved, non-proved.  
 25 Q. Do you know whether any of the lower  
 00239:01 tertiary is included in the proved reserves?  
 02 A. I don't know the answer to that.  
 03 Q. On page ending in 74, it's part of that

Page 241:03 to 241:05

00241:03 Q. (BY MS. HANKEY) Okay. Do you know if  
 04 BPXP divested any assets in order to pay for some  
 05 of the spill costs?

Page 241:07 to 241:10

00241:07 A. BPXP has divested assets over the last  
08 several years. Whether those were to pay  
09 specifically for incident-related costs, I can't  
10 answer that.

Page 241:17 to 241:17

00241:17 (Marked Exhibit No. 12682.)

Page 241:23 to 242:05

00241:23 Q. In the first quarter of 2014, BP  
24 receive -- BPXP received a loan from NAFCO; is  
25 that right?  
00242:01 A. In the first quarter, yeah, 2014, BPXP did  
02 secure a loan from NAFCO.  
03 Q. And that loan was turning receivables  
04 between BP Company North America and BPXP into a  
05 loan with NAFCO; is that correct?

Page 242:08 to 242:11

00242:08 A. Again, the -- the loan is a -- a one  
09 source of cash, plenty of sources of cash within  
10 BPX&P. The settlement with BP Company North  
11 America would be use of cash.

Page 242:15 to 242:17

00242:15 Just above the chart, it says: "GoM  
16 Region capital expenditures are expected to exceed  
17 cash from operations."

Page 242:24 to 243:01

00242:24 Q. Do you know how BPXP expected to pay for  
25 these capital expenditures?  
00243:01 A. Again --

Page 243:03 to 243:06

00243:03 A. -- the capital expenditures are a use of  
04 cash, and there's various forms of -- of sources  
05 of cash. So -- and I -- I don't know specifically  
06 how they -- how that was to be funded.

Page 243:21 to 244:25

00243:21 Q. Excluding third-party legal costs,



22 approximately how much liability relating to the  
 23 DEEPWATER HORIZON incident has BP -- did BPXP  
 24 incur as of Q1 2014?  
 25 A. Approximately \$39 billion.

00244:01 Q. Is the provision continuity schedule that  
 02 was previously marked Exhibit 12647 a schedule of  
 03 the liabilities incurred by BPXP in connection  
 04 with the DEEPWATER HORIZON incident as of 1Q 2014?  
 05 A. Yes, excluding legal costs.

06 Q. How was Exhibit 12647, the schedule of  
 07 BPXP liabilities, prepared?  
 08 A. In the normal course of my  
 09 accountabilities, I had been preparing quarterly  
 10 reports -- well, that -- that schedule on a  
 11 quarterly basis on behalf of total incident  
 12 charges. I was requested I believe by the DOJ  
 13 through counsel to produce a BPX&P schedule  
 14 excluding legal costs.

15 Q. Where does the information in  
 16 Exhibit 12647, the schedule of 39 billion in BPXP  
 17 liabilities, come from?  
 18 A. Those numbers are sourced from our  
 19 underlying financial system, SAP, and I go through  
 20 a control process to make sure that they tie back  
 21 to the ledger.

22 Q. What is your understanding of why these  
 23 liabilities -- approximately \$39 billion in  
 24 DEEPWATER HORIZON liabilities in Exhibit 12647  
 25 were charged to BPXP?

Page 245:02 to 246:09

00245:02 A. BPXP was the BP owner in the Macondo  
 03 lease. BPXP is named as a responsible party  
 04 related to the incident.

05 Q. (BY MR. NOMELLINI) Are there any  
 06 DEEPWATER HORIZON liabilities that were charged to  
 07 entities in BP other than BPXP?  
 08 A. There are three general categories of  
 09 costs that were incurred by entities other than  
 10 BPX&P related to the incident.

11 Q. What are those three categories, and what  
 12 is the overall approximate amount?  
 13 A. The three categories are basically costs  
 14 related to the S.E.C. fine where BP PLC was party  
 15 to that settlement, that agreement.

16 The second one is costs incurred by a  
 17 UK entity, Jupiter, which is a self-insurance  
 18 facility within B -- BP. BPX&P had been paying  
 19 insurance premiums, and Jupiter paid out on an  
 20 insurance policy, so Jupiter incurred those costs.  
 21 The proceeds received by BPX&P are reflected as a  
 22 recovery as part of the BPX&P financial  
 23 statements.

24 And then the third piece is some

25 legal costs and early media costs that Tax had  
00246:01 determined were really for the benefit of people  
02 associated -- working on the incident outside of  
03 the U.S., so those costs were transferred over to  
04 UK entities at the request of Tax.

05 Q. What is the approximate total amount of  
06 those three categories of DEEPWATER HORIZON  
07 liabilities charged to BP entities other than  
08 BPXP?

09 A. It's about 1.5 billion.

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA

IN RE: OIL SPILL	)	MDL NO. 2179
BY THE OIL RIG	)	
"DEEPWATER HORIZON" IN	)	SECTION "J"
THE GULF OF MEXICO, ON	)	
APRIL 20, 2010	)	JUDGE BARBIER
	)	MAG. JUDGE SHUSHAN

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VOLUME 1

\*\*\*\*\*

Deposition of MICHAEL T. ROBERTSON, taken at  
Pan-American Building, 601 Poydras Street,  
11th Floor, New Orleans, Louisiana, 70130, on the  
10th day of July, 2014.

## A P P E A R A N C E S

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## APPEARING FOR THE UNITED STATES:

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Mr. Richard Gladstein  
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Washington, D.C. 20004

## ALSO PRESENT:

Ms. Melissa Bardwell, videographer

1 THE STATE OF TEXAS )  
2 COUNTY OF HARRIS )  
3

4 I, Donna L. Garza, Certified Shorthand  
5 Reporter in and for the State of Texas, do hereby  
6 certify that the above and foregoing contains a  
7 true and correct transcription of all portions of  
8 evidence and other proceedings in the above-styled  
9 and numbered cause, all of which occurred and were  
10 reported by me.

11 I further certify that I am neither  
12 counsel for, related to, nor employed by any of  
13 the parties or attorneys in the action in which  
14 this proceeding was taken, and further that I am  
15 not financially or otherwise interested in the  
16 outcome of the action.

17 GIVEN UNDER MY HAND AND SEAL OF OFFICE,  
18 on this, the 15<sup>th</sup> day of July, 2014.



19 Donna L. Garza  
20 DONNA L. GARZA  
21 TEXAS CSR NO. 4785  
22 Expiration Date:  
23 12-31-15  
24  
25

26 WORLDWIDE COURT REPORTERS, INC.  
27 Firm Registration No. 223  
28 3000 Weslayan, Suite 235  
29 Houston, Texas 77027  
30 (800) 745-1101



1 I, MICHAEL T. ROBERTSON, have read the  
 2 foregoing deposition and hereby affix my signature  
 3 that same is true and correct, except as noted  
 4 above.


5   
 6 MICHAEL T. ROBERTSON  
 7

8 STATE OF Texas \*

9 COUNTY OF Harris \*

10 Before me, Helen Marout, on  
 11 this day personally appeared MICHAEL T. ROBERTSON,  
 12 known to me, or proved to me under oath or through  
 13 Texas DL (description of identity card or  
 14 other document), to be the person whose name is  
 15 subscribed to the foregoing instrument and  
 16 acknowledged to me that they executed the same for  
 17 the purposes and consideration therein expressed.

18 Given under my hand and seal of office on  
 19 this, the 28 day of August, 2014.

20 

21 Notary Public, State of

22 My Commission Expires: 7/24/2014



23 **HELEN MAROUT**  
 24 Notary Public  
 25 STATE OF TEXAS  
 My Comm. Exp. 07-24-18

[illegible]

MICHAEL T. ROBERTSON