

Deposition Testimony of:

David Rainey

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Page 314:05 to 315:09

00314:05 Q. What is the TIGER team?
06 A. It's a team of subsurface
07 specialists who focus on issues of the
08 subsurface that relate to operations.
09 Q. Okay. And so what did they do
10 for you?
11 A. They -- they actually start from
12 before lease access, they are the keeper of
13 the basin model, the three-dimensional basin
14 model. They do -- our biostratigraphers are
15 part of the TIGER team and they operate
16 throughout the whole exploration process, all
17 the way from regional work through lead
18 identification, through prospect maturation.
19 Q. And so what did the TIGER team
20 do in connection with the Macondo well?
21 A. Then as it gets closer to
22 operations when -- when a decision is made to
23 test a prospect with the drill bit, then
24 they -- the TIGER team makes the pore
25 pressure prediction and the fracture gradient
00315:01 prediction that is then handed over to the
02 drilling engineers to design the well around
03 it.
04 Q. Now, as far as Macondo is
05 concerned, give me -- well, first of all, the
06 TIGER team is a group of people who -- who do
07 they report to?
08 A. The manager of the TIGER team is
09 a gentleman called Pinky Vincent.

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00315:12 Q. And who does he report to?
13 A. I think at the time -- I think
14 two weeks before the incident we had elevated
15 Pinky from reporting to the exploration
16 manager, who at the time was Jay Thorseth,
17 and elevated him to reporting to me.
18 Q. Okay. Let's kind of talk -- if
19 we can go by broad brush, let's try.
20 Sometime spring of 2009, I think is more or
21 less when the decision was made to go forward
22 on the Macondo; is that correct?
23 A. I can't say for certain.
24 Q. Well, we can get some documents
25 if we need to.
00316:01 A. Yeah.
02 Q. Whenever that was made, what did
03 the TIGER team do before and after?
04 A. Before they -- some of the
05 specialists would probably have been involved
06 in the evaluation of the prospect --

07 Q. Okay.
08 A. -- doing a specialist
09 geophysical analysis to demonstrate that it
10 was a valid prospect.
11 Q. And somehow that information
12 would have to get up the line to you,
13 correct?
14 A. In a very general sense, yes.
15 They keep me informed as to whether the
16 prospect is still valid and still one that
17 would merit the possibility of testing with
18 the drill bit.
19 Q. Who is Robert Bodek?
20 A. He is operations geologist in
21 the TIGER team.
22 Q. He is in the TIGER team?
23 A. Yes.
24 Q. Because he did work on this
25 Macondo well, did he not?
00317:01 A. Yes, I believe he did.

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00317:10 Q. Educate me. What is their role
11 specifically?
12 A. Well, we just talked about the
13 TIGER team role. The aspect of defining the
14 prospect and describing the prospect, that
15 sits with the exploration teams.
16 Q. The exploration teams. That was
17 under you --
18 A. That's correct.

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00317:21 Q. -- because you're VP in charge
22 of exploration?
23 A. Yeah.
24 Q. Okay. So -- and there are AFEs
25 that you have signed, and we'll look at some
00318:01 of those.
02 A. Right.
03 Q. But before you sign an AFE, you
04 have to have some reasonable expectation that
05 you're going to hopefully find something --
06 A. That's correct.
07 Q. -- is that right?
08 A. Okay. And someone then has done
09 some type of work anticipating where you
10 might find something and what you might find;
11 is that correct?
12 A. That's correct.

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00318:20 Q. Let's say -- how long were you
21 VP of exploration?
22 A. Up to the point of the incident,
23 about five years.
24 Q. About five years. Okay. And
25 during that five years, you also -- did you
00319:01 get paid by salary and bonuses or what?
02 A. Salary and bonuses.
03 Q. Okay. And were the bonuses in
04 part dependent upon how successful you are --
05 were in finding good wells?
06 A. That's correct.
07 Q. That makes sense as your job,
08 right?
09 A. Right. Yes.

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00323:05 Q. (BY MR. BOWMAN) I guess what
06 I'm trying to get at, and maybe I'm wrong,
07 but it seems like there has to be some degree
08 of working together between exploration and
09 drilling and completion, correct?
10 A. Correct.
11 Q. Yeah, because you have to have
12 an interest in whether that well is drilled
13 and comes up, right?
14 A. I do.
15 Q. Okay. And is that -- we'll
16 explore some e-mails later as time goes by.
17 But is that the reason you were kept up
18 oftentimes on what was going on as far as
19 drilling on wells?
20 A. Obviously I have an interest in
21 the progress of the well.
22 Q. Okay. Now, then, I'm going to
23 show you, I think, what was marked as
24 Exhibit 3202 yesterday. I've just opened it
25 to you.
00324:01 A. This page?
02 Q. That page. And up at the top it
03 says something about you antic- -- this is on
04 the Macondo well. And you can look and make
05 sure it is the Macondo well.
06 A. Yeah.
07 Q. Something about anticipate six
08 strings. Do you see that?
09 A. Where should I be looking?
10 Q. Well, I think it's up at the
11 top.
12 A. Six string. Okay.
13 Q. Yeah. Do you know how many
14 strings there ended up being used on the

15 Macondo?
16 A. I know we used up some of our
17 contingency, so I am -- I would assume it was
18 more than six.
19 Q. Okay. Now, you are the -- you
20 would sign the AFEs on the Macondo and --
21 along with two other people. What -- do you
22 remember what the original estimate was for
23 the Macondo?
24 A. Not off the top of my head, no.

Page 325:04 to 325:22

00325:04 Q. When you were asked to raise the
05 AFE. Let's say you were asked to raise it
06 from a hundred to 139 million, what would you
07 consider?
08 A. I'd need more context to answer
09 the question. I --
10 Q. Well, do you remember whether
11 you signed or did not sign more than one AFE
12 for the Macondo well?
13 A. I can't actually remember.
14 Q. You can't remember. Can you
15 remember if the Macondo well cost more than
16 it was anticipated to cost?
17 A. I believe it did.
18 Q. But you can't remember how much?
19 A. Not off the top of my head.
20 Q. Even by tens of millions of
21 dollars?
22 A. Not off the top of my head, no.

Page 326:04 to 328:02

00326:04 Q. (BY MR. BOWMAN) Okay. Well,
05 when you would sign an increased AFE, would
06 you ask anybody why?
07 A. Yes, I'd expect to have that
08 explained.
09 Q. And who would you ask?
10 A. It would be the -- whoever
11 brought the AFE to me. And usually it would
12 be the drilling team.
13 Q. Okay. Do you remember who it
14 was on the Macondo?
15 A. No.
16 Q. You just have no memory at all
17 on that today?
18 A. Well, I know who some of the
19 engineers were, but I don't know specifically
20 who brought me the AFE.
21 Q. Okay. Do you know who any of
22 the engineers on the Macondo were?

23 A. I know Mark Hafle.
24 Q. Anybody else?
25 A. I know David Sims was in the
00327:01 line somewhere. I think John Guide. Those
02 are the three in particular that I remember.
03 Q. Do you remember actually talking
04 to them?
05 A. Not specifically, no.
06 Q. No. Do you remember any
07 discussion at all talking to any of those
08 three people about the Macondo well before
09 the blowout?
10 A. I do remember discussions around
11 AFEs, but I don't remember the details of
12 those discussions.
13 Q. Do you remember generally what
14 was said?
15 A. Conversation around the AFEs.
16 Q. Okay. I'm going to hand you
17 what has been previously marked as 2370. Do
18 you remember that?
19 A. I don't remember this specific
20 e-mail.
21 Q. Okay. Well, if you'd go to the
22 third page. Do you recognize your signature?
23 A. It doesn't look like the e-mail
24 was sent to me. But, yes, I do recognize my
25 signature.
00328:01 Q. And what's the date of that?
02 A. September 30, '09.

Page 328:09 to 329:08

00328:09 Q. (BY MR. BOWMAN) So -- well,
10 just clear it up. What is a document called
11 "Execute Financial Memorandum"? What is that
12 document?
13 A. That's a financial memorandum
14 which provides the approval to drill the well
15 within -- there is an estimate of what the --
16 what the cost will be.
17 Q. Okay.
18 A. And then the AFE is actually the
19 document that releases the funds.
20 Q. Okay. And this very first
21 financial memorandum that you signed talks
22 about risk and it has key risks and other
23 significant points. Do you remember who put
24 that in those risks on this document?
25 A. This being a financial document,
00329:01 this was probably written by one of the
02 financial people.
03 Q. Okay. Did they have the
04 expertise to be able to figure out that
05 subsurface and drilling risk include a narrow

06 pore pressure and fracture gradient window?
07 A. They will have talked to the
08 drilling team as to what the risks were.

Page 331:23 to 333:13

00331:23 Q. Okay. And you don't remember
24 how much the well ended up costing you?
25 A. No.

00332:01 Q. Okay. And do you remember how
02 much extra time it took than anticipated?
03 A. No. Again it was a very complex
04 well because it started with one rig. That
05 rig got hit by a storm. There were costs
06 associated with the storm. And then we
07 brought on another rig. So the financial
08 approvals are quite complicated.
09 Q. Uh-huh. So sitting here today
10 you don't know how much longer it took to
11 complete the well than originally
12 anticipated?
13 A. Not off the top of my head, no.
14 Q. You don't know if it was two
15 days or two months?
16 A. It was more than two days.
17 Q. Less than two months?
18 A. I don't know.
19 Q. Don't know. Okay.
20 Let me ask you this now. You
21 are a geologist, right?
22 A. I am.
23 Q. And this well -- by the time the
24 production casing was put down this well, did
25 BP believe that it knew where the pay zones
00333:01 where?
02 A. I believe we did, yes.
03 Q. Okay. I mean, because if you
04 don't know where the pay zones were, you
05 don't know where the oil is going to come
06 from, right?
07 A. Right.
08 Q. Now, I have seen something that
09 indicates that after the blowout, and
10 specifically I think it's in June of 2010, BP
11 found out that there was a -- I guess higher
12 pay zone than they knew about or anticipated.
13 Now --

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00333:15 Q. (BY MR. BOWMAN) Have you heard
16 that, number one?
17 A. I don't believe I have, no.
18 Q. You never heard that. Well, let

19 me -- let's mark this.

20 (Exhibit No. 3226 was marked.)

21 Q. (BY MR. BOWMAN) Let me show you
22 what's been marked as 3266 [sic]. This is a
23 part of a report that was done. It's part of
24 a report BP-HZN-BLY00173428. Some sort of BP
25 investigation team analysis.

00334:01 MR. LANCASTER: Counsel, do you not
02 have a complete copy of the document to give
03 to the witness?

04 MR. BOWMAN: No, I don't.

05 MR. LANCASTER: All right.

06 Q. (BY MR. BOWMAN) Now, can you
07 look at that particular part I just handed
08 you. And it shows sands identified. Do you
09 see where it says, Table 1: Sands Identified
10 on the Macondo well? It's that chart down on
11 the bottom.

12 A. Okay. Yeah. Got it.

13 Q. Yeah. And you can see that the
14 very first one says: Identified as a
15 possible hydrocarbon June 2010 not a major
16 pressure.

17 Now, how would -- how could that
18 have happened?

19 MR. LANCASTER: Object to form.

20 A. So I do remember something
21 about -- I don't know whether it's this or
22 not -- a zone that on the logs was ambiguous
23 and was not clearly pay. That's all I
24 remember. But -- so if it is -- it wasn't
25 clear -- my understanding, my memory -- and I
00335:01 was -- say this was when I was in Robert. So
02 I was very much on the edge of it. This was
03 a zone that was not clearly pay -- would
04 not -- would not have been measured as pay
05 under normal circumstances. But there were
06 some special circumstances that could have
07 led to it being a zone that might have been
08 an unusual lithology that might have had
09 hydrocarbons in them. I'm sure you know that
10 not all log analysis is unambiguous.

11 Q. (BY MR. BOWMAN) I have been
12 told that.

13 And you can have a flow -- I
14 mean, you can have a flow from a nongood
15 hydrocarbon zone, can you not?

16 MR. LANCASTER: Object to form.

17 A. Again, I'm -- I'm not a
18 reservoir engineer.

19 Q. (BY MR. BOWMAN) Well, you're a
20 geologist. You can actually have a flow from
21 water, can't you?

22 A. You can.

23 Q. You can.

24 So who -- who was it that made
25 this discovery in June of 2010 about this --

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00336:20 Q. Okay. Actually, let me ask you
21 a few things right now. Have you talked to
22 anyone from Halliburton about the Macondo
23 blowout?
24 A. Not that I'm aware of.
25 Q. Do you have any opinion sitting
00337:01 here today about the cement job Halliburton
02 did on the HORIZON?

Page 337:04 to 338:08

00337:04 Q. No?
05 A. No.
06 Q. And, likewise, do you have any
07 opinions about any of the mud logging that
08 was done by Sperry on the HORIZON?
09 A. No.
10 Q. Now, excluding lawyers, has
11 anyone talked to you about what they think
12 happened on the cement job on the Macondo
13 well?
14 A. Certainly not in any detail. I
15 know I've had conversations with many people
16 on what we thought happened, but not with
17 anybody that probably had any more expertise
18 than I have.
19 Q. Well, here's what I'm getting
20 at. You know we're going to have a trial
21 coming up. And I want to find out, are you
22 going to be able to come in and say, well, I
23 think this about the cement job or that about
24 the cement job, or are you just going to be
25 able to offer no opinions and no facts about
00338:01 the cement job?
02 A. I don't have the expertise to
03 offer any opinion on the cement job.
04 Q. One way or the other. That's
05 fine.
06 And the same on the mud logging
07 done by Sperry?
08 A. That's -- would be the same.

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00338:11 (Exhibit No. 3227 was marked.)

Page 339:02 to 341:25

00339:02 Q. (BY MR. BOWMAN) This April 7th
03 memo which has been identified as 3227, the
04 question was who is Mr. Thorseth and what did
05 he have to do with the Macondo well?

06 A. Mr. Thorseth is the exploration
07 manager under whom the Macondo well was
08 drilled, and he is a direct report of mine.

09 Q. And by "exploration manager,"
10 what did he do on this? What did he do?

11 A. He's the manager of the
12 exploration team. The TIGER team did report
13 to him. But, again, he's not an operational
14 person.

15 Q. He takes everything up to the
16 start of the operations. And then he must
17 continue monitoring operations?

18 A. He has the same interest that I
19 do in watching the progress of the well to
20 test the prospect that he's worked; in Jay's
21 case, from before the lease sale through
22 acquiring the lease through getting approval
23 to drill the well.

24 Q. Okay. Because if you look at
25 this e-mail, it's fairly specific. It talks
00340:01 about Dave -- and that's you, right?

02 A. That is correct.

03 Q. He's writing: Dave, our
04 recommendation is to drill another 100 to 135
05 feet then TD, log and run 7-inch production
06 casing.

07 Now -- and that's signed "Jay,"
08 right?

09 A. That's correct.

10 Q. That sounds a little bit to me
11 like an operational decision. In other
12 words, what size production casing and how
13 long you run it and when you TD the hole.
14 Explain to me how his job overlaps with the
15 operations on these points.

16 A. This is really a recommendation
17 based on subsurface information that we have
18 effectively tested the prospect. Because he
19 goes on to say: We are not interested in
20 deepening to secondary target because --

21 I mean, I believe there is no
22 indication of reservoir on seismic. The well
23 is calibrated in eastern Mississippi Canyon
24 on sand presence and seismic which is -- that
25 techol- -- that science has matured since
00341:01 Macondo went to forum. And when Jay
02 presented the prospect to forum, he presented
03 a primary target and a secondary target. And
04 the primary target was one that the well
05 ultimately tested and the secondary target
06 was deeper.

07 When we told Mr. Daly that we
08 were effectively at TD, he said, well, what
09 about the secondary target that you told me
10 about when you brought the prospect to
11 target -- to forum? So Jay -- that push went
12 back down and Jay came back and said, no, we
13 see -- we don't actually see any
14 prospectivity any more deeper, and these were
15 the reasons. Therefore, in conversations
16 with the drillers, this looks to me like we
17 tested the primary reservoir and we need to
18 drill a rathole and finish the well.

19 So this was about -- is there
20 deeper prospect- -- is there deeper
21 prospectivity to drill for.

22 Q. Okay. So Mr. Thorseth is
23 keeping up -- is he reading the seismics that
24 are being taken while the well is being
25 drilled?

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00342:02 A. He certainly isn't doing any
03 technical work, but he's the manager of the
04 team that has monitored the prospect and the
05 well from a subsurface perspective.

06 Q. (BY MR. BOWMAN) So the TIGER
07 team is reporting to him and they are
08 continuing to monitor the seismics on the
09 well?

10 A. I don't know what you mean by
11 seismic on the well.

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00343:05 Q. Well, the third bullet point:
06 New seismic data since last year.

07 What seismic data is he talking
08 about?

09 A. It sounds like we acquired some
10 new seismic data over the prospect. But that
11 seismic data --

12 Q. Okay. Okay. Well, explain the
13 prospect. Maybe that's where we're having a
14 little communication problem.

15 A. Okay. You understand the
16 concept of seismic?

17 Q. I think so. But go ahead and
18 explain -- answer my question about what is a
19 prospect.

20 A. The prospect is defined on
21 seismic data, calibrated to other wells
22 around about. So the seismic data is
23 essentially a sonic record of the subsurface.

24 You know?
25 Q. Uh-huh.
00344:01 A. And based on that we get
02 indications of prospectivity but we don't
03 know if there are all the elements that you
04 need to be present to have a hydrocarbon
05 accumulation.
06 Q. And somebody makes then a
07 determination and decides to drill
08 ultimately?
09 A. And then the ultimate test of
10 whether there is an oil field present or not
11 is with the drill bit.
12 Q. That's what happened on the
13 Macondo, correct?
14 A. That's correct.
15 Q. Okay. So would Mr. Thorseth and
16 the TIGER team continue to monitor seismic
17 during the drilling of this well?
18 A. They would. It looks like they
19 got some new seismic data.
20 Q. Okay.
21 A. And I don't know the timing of
22 that, but it was certainly since Jay took the
23 prospect to the exploration forum. And the
24 team will continue to work it and will -- as
25 the well is drilled, they will be applying
00345:01 that data back into the seismic to calibrate
02 the seismic.
03 Q. Now, as the well is being
04 drilled and as they are going down to the
05 anticipated pay zones, what testing do they
06 do to see what those pay zones show?
07 A. After the pay zones are drilled,
08 then we run wireline logs which make variety
09 of physical measurements. And on the basis
10 of those measurements, we determine whether
11 there is reservoir present and whether the
12 reservoir contains hydrocarbons.
13 Q. And would Mr. Thorseth and his
14 team monitor those wireline logs?
15 A. Yes.

Page 345:18 to 345:24

00345:18 (Exhibit No. 3228 was marked.)
19 Q. (BY MR. BOWMAN) I think that's
20 what you were telling me about earlier.
21 Who is Mr. Daly?
22 A. He is the global head of
23 exploration, and I have a dotted line
24 relationship to him.

Page 346:02 to 347:09

00346:02 (Exhibit No. 3229 was marked.)
03 Q. (BY MR. BOWMAN) That's from you
04 again to Mr. Daly. And this is April 15th,
05 right?
06 A. Yeah.
07 Q. Now, you're recommending that --
08 you're recommending that you TD at the
09 current depth, right?
10 A. That's correct.
11 Q. Okay. So you stayed involved,
12 as far as from your production side, all the
13 way through the drilling down to TD, right?
14 A. I don't understand the reference
15 to production.
16 Q. Okay. Well, yesterday you were
17 saying you were a geologist and you didn't
18 get involved in drilling and completion. But
19 even though you're not directly involved in
20 drilling and completion, you seem to stay up
21 on what's going on, enough so that April 15th
22 you make a recommendation that you don't
23 drill -- that BP not drill any deeper, right?
24 A. Because there is no -- we don't
25 see prospectivity. There is only -- the
00347:01 purpose for drilling wells is to test for
02 prospectivity.
03 Q. Sure. So your side and your
04 team stayed involved enough to make
05 recommendations on the prospectivity, right?
06 A. That's correct.
07 Q. Okay. Again, working hand in
08 hand, so to speak, with drilling and
09 completion?

Page 347:11 to 347:17

00347:11 A. The drilling and completions
12 have no input into the presence or absence of
13 prospectivity.
14 Q. (BY MR. BOWMAN) Right. But
15 you're making a recommendation on whether
16 they drill or not?
17 A. That's correct.

Page 347:20 to 348:05

00347:20 (Exhibit No. 3230 was marked.)
21 Q. (BY MR. BOWMAN) This is a few
22 days earlier. You see Sunday -- well,
23 actually, it's later. It's April 18th,
24 right?
25 A. Uh-huh.
00348:01 Q. Two days before the blowout.

02 And it's from Mr. Thorseth, again, to you?
03 A. Yeah.
04 Q. And who are these other people?
05 A. The names down here --

Page 348:07 to 350:04

00348:07 A. -- in the e-mail?
08 Q. Yeah. And who are they and what
09 do they do?
10 A. Okay. So Jay -- let me give you
11 the context for the e-mail first.
12 Q. Sure. Please do.
13 A. So when we make a discovery,
14 there is then a process around how that
15 discovery is handed over to our development
16 organization. So a team is created that is a
17 combination of explorers and what we would
18 call appraisers slash developers.
19 And then their role now is to
20 make a recommendation to Mr. Daly and
21 Mr. Shaw, who is the head of the global
22 developments organization, whether this
23 discovery merited being developed. So this
24 is Jay making a recommendation to me as to
25 what -- or who the members of that appraisal
00349:01 review board should be, the discovery review
02 board.
03 So he said I, Jay Thorseth, will
04 be the chair. And now because we're moving
05 more into -- we're talking about development,
06 so we're now beginning to see more engineers
07 come in here. So Rob Marshall is the manager
08 of subsea engineering. And that this was
09 going to be developed because it was a small
10 discovery. It was going to be a subsea
11 development.
12 Jami Zinkham was the resource
13 appraisal advisor. Charlos Ward, I don't
14 know who that is. It looks like a project
15 engineer. It's going to be the project
16 manager in the developments organization if
17 it went forward.
18 Bryan Ritchie is the exploration
19 team leader. Russ Stauffer is the commercial
20 manager. Important, obviously, because this
21 is a big commercial decision.
22 Doris Reiter is the resource
23 team leader for Pompano because this -- if
24 this was developed, it would be a tieback to
25 Pompano.
00350:01 And then Kelly McAughan was the
02 reservoir engineer for the prospect and was
03 the keeper of all the reservoir engineering
04 knowledge on the prospect and on the well.

Page 350:07 to 350:07

00350:07 (Exhibit No. 3231 was marked.)

Page 350:11 to 351:07

00350:11 So Exhibit 3231 is an e-mail
12 from you and it's dated April 20th?
13 A. Right.
14 Q. And it indicates logging is
15 complete, production casing has been set, and
16 temporary abandonment is at progress. The
17 well is a discovery.
18 A. Uh-huh.
19 Q. What do you mean by "the well is
20 a discovery"?
21 A. It discovered hydrocarbons.
22 Q. Okay. And how do you know that?
23 How did you know that on April 20th, 2010?
24 A. We had drilled -- we had drilled
25 the target section and we had wireline logged
00351:01 the target section.
02 Q. Okay. And who had looked at
03 those wireline logs?
04 A. I'm sure people in my
05 organization had and people upstream in the
06 developments organization, I'm sure, had
07 looked at those logs.

Page 351:11 to 352:14

00351:11 Q. Now, did those wireline logs,
12 did anyone do any kind of calculation from
13 those logs about anticipated recovery
14 amounts?
15 A. I -- by this time frame, I don't
16 know if that work had been done. That would
17 have been the role of this team, frankly.
18 Prior to drilling the well, predictions had
19 been made and the well came in very close to
20 prognosis.
21 Q. Uh-huh. Okay. One reason I was
22 asking that question is, I took the
23 deposition a couple of weeks ago of -- I
24 can't remember what her name is. In
25 financial, very bright lady. And she said
00352:01 that y'all set the original anticipated
02 recovery of barrels when you started the
03 well, and that as far as she knew, that had
04 never been updated for any more recent data.
05 Is that the way y'all -- BP
06 would do business, that is, they wouldn't

07 update the data as they got more wire log
 08 information?
 09 A. By April the 20th, given that we
 10 were, say, I don't know, within a week of
 11 having run the logs, given that that would
 12 have been the role of this team to do that
 13 work, no, I'm not surprised it hasn't been
 14 done.

Page 352:20 to 352:25

00352:20 Q. Okay. The e-mail of the 20th
 21 looks like Mr. Thorseth is still there but
 22 now we have a couple of other people that
 23 look like they're different. Who are they?
 24 Why did you send it to them?
 25 A. Mr. Addison --

Page 353:02 to 353:02

00353:02 A. -- and Michelle --

Page 353:04 to 358:23

00353:04 A. -- Judson?
 05 Mr. Addison was the vice
 06 president of appraisal, project appraisal in
 07 the global projects organization. So he
 08 would have been the receiver of this project.
 09 Michelle Judson is the vice
 10 president of resource appraisal, which is
 11 really an advisory role reporting to
 12 Mr. Daly.
 13 Q. Okay. So it looks like that you
 14 were the person that had the right to declare
 15 the well a discovery?
 16 A. That's correct.
 17 Q. Okay. And going in you thought
 18 you had a very high likelihood of having a
 19 good well, correct?
 20 A. In what time frame? Going into
 21 what?
 22 Q. Before you started drilling the
 23 Macondo well?
 24 A. It was a good prospect, yes.
 25 Q. Yeah. And -- okay. Let me show
 00354:01 you what is Tab 19 which has been marked
 02 previously as Exhibit 572. It appears to be
 03 an e-mail from you on the 26th. And that is
 04 to -- to me, a lot of people in drilling and
 05 completion. You've got Mr. Sims, Mr. Guide,
 06 Mr. Hafle, Mr. Morel, Mr. Cocalles,
 07 Mr. Sepulvado. Both Sepulvados.

08 Mr. Vidrine. Why did you send this?

09 A. As it says in the first
10 sentence: I have a standing agenda item on
11 my leadership team staff meeting. Or in
12 recognitions so -- recognizing people who
13 have done a good job.

14 Q. So this was sent to them kind of
15 indicating that all of them had gone more or
16 less above and beyond, as far as you were
17 concerned?

18 A. That's the way it seemed at the
19 time.

20 Q. Okay.

21 A. So my direct reports had taken
22 the trouble to recognize their colleagues in
23 the drilling -- in the wells team.

24 Q. Okay.

25 A. Because they were the ones who
00355:01 had tested the prospect for us.

02 Q. But was it your idea to send
03 this? Or did Mr. Thorseth say this would be
04 a good idea? Or how did that e-mail actually
05 come into being?

06 A. I don't know. I tried -- when
07 people are recognized at my staff meeting, I
08 try to let those individuals know.

09 Q. Would they be at your staff
10 meeting?

11 A. The people who -- the
12 addressees?

13 Q. Yes, sir.

14 A. No, they would not.

15 Q. No. And you copied Mr. Ian
16 Little?

17 A. That's correct.

18 Q. Okay. Again, you don't know if
19 it was your idea or Mr. Thorseth or somebody
20 else's idea that you put this e-mail together
21 and send it to all these people?

22 A. No. But it's something that I
23 try to do if somebody's -- if somebody around
24 my table recognizes an individual, if I can
25 speak to them face to face, I will. But if
00356:01 it's -- if I know it's not going to be
02 possible to speak face to face, this group is
03 not on my floor, many of them are in the
04 field, I probably decided the easiest way for
05 me to do this is by e-mail.

06 Q. Okay. Now -- and what were you
07 actually trying to recognize them for, do you
08 know?

09 A. They had put a lot of effort
10 into drilling this well. And ultimately the
11 prospect had been tested and the well was at
12 TD and it was a discovery, so it seemed

13 appropriate to say thank you.
14 Q. By March 26th it was at TD and
15 you were -- as far as you were concerned, it
16 was a discovery?
17 A. That's correct.
18 Q. And did y'all -- and you say:
19 It demanded more than its fair share.
20 What did you mean by that?
21 A. There were difficult parts to
22 the well. The well was difficult.
23 Q. Had you heard the term "well
24 from hell" by then?
25 A. No, not at that point.
00357:01 Q. Not at that point?
02 A. No.
03 Q. While you hadn't heard that
04 term, you did know it had been exceedingly
05 difficult to drill that well? Was that what
06 you were trying to share here, that it was
07 really hard and they had done a great job?
08 A. It was certainly more difficult
09 than the recent wells that we had drilled.
10 Q. And what do you remember at this
11 date, March 26th, making it so difficult?
12 A. I don't remember what I
13 remembered on this date.
14 Q. Do you remember if there were
15 various kicks?
16 A. I imagine I was aware of the
17 kicks and the lost circulation.
18 Q. And the lost circulation. How
19 about a stuck pipe, were you aware of that?
20 A. I probably was. I'm sure I was.
21 Q. Because you -- again, because
22 you kept up with what was going on?
23 A. Yeah.
24 Q. Now, sitting here today knowing
25 what you have found out in the last year,
00358:01 would you still have sent this e-mail
02 congratulating everybody for such a good job?
03 A. That's a hypothetical question.
04 MS. KUCHLER: Object to the form of the
05 answer.
06 A. Knowing what I knew then, this
07 seemed like the right thing to do.
08 Q. (BY MR. BOWMAN) I understand
09 that.
10 My question now is, this is a
11 little over a year later, knowing what you
12 know today, would you have still sent this
13 same e-mail?
14 A. In this situation at this time
15 in the well, knowing what I knew then, this
16 seemed like the right thing to do.
17 Q. Not saying it wasn't. In --

18 March 26th. I'm saying we're sitting here
19 today June 3rd -- I think it's the 3rd --
20 would you send an e-mail to these same people
21 today congratulating them for a job well
22 done, going above and beyond?
23 A. Clearly today, no.

Page 361:12 to 361:15

00361:12 Q. (BY MR. BOWMAN) Mr. Rainey, I'm
13 going to give you an exhibit that's
14 previously been marked as 2422 that is Tab 31
15 in the binder.

Page 362:15 to 363:18

00362:15 Q. And what did you have to do with
16 the relief wells?
17 A. Looks like I had been asked to
18 comment on the seismic interpretation of the
19 top hole section and how that might have
20 related to what we had seen in the Macondo
21 top hole section.
22 Q. Okay. By the way, who did the
23 wireline on the Macondo well? Was it
24 Schlumberger? Or do you know?
25 A. I don't -- it probably was
00363:01 Schlumberger, but I couldn't say that for
02 certain.
03 Q. That's fine. I'm going to hand
04 you now what is Tab 29, which has previously
05 been marked 1146. It's a series of e-mails
06 where you're copied.
07 Can you look at the very last
08 page -- well, next to last page at the top
09 where it says: Here is my first pass at the
10 SOO letter?
11 A. Uh-huh.
12 Q. And the last sentence: While
13 the Nile P&A timing is a critical path to us,
14 the MMS unit group may not see it that way.
15 What is the Nile P&A timing
16 that's being talked about?
17 A. I believe we had some obligation
18 to P&A a well on Nile.

Page 363:21 to 363:23

00363:21 Q. The "we" being, of course, BP,
22 right?
23 A. I believe that to be the case.

Page 366:02 to 366:10

00366:02 Q. Okay. Did you get involved in
03 any way with the centralizer issue on the
04 Macondo well?
05 A. I don't believe I did.
06 Q. Okay. Have you ever been
07 involved in any issues as to the number of
08 centralizers that should or would not be used
09 on a well?
10 A. Not that I'm aware of.

Page 366:13 to 366:24

00366:13 Q. How about did you get involved
14 in the use of a long string for the -- on the
15 production casing in this well?
16 A. I don't believe so.
17 Q. Okay. You were aware or were
18 you not aware that a long string was
19 ultimately used?
20 A. I am aware of it.
21 Q. Were you aware of it at the time
22 it was being used?
23 A. I first became aware on that
24 daily summary report --

Page 367:01 to 367:15

00367:01 A. -- when I saw the words
02 "production casing." And I actually thought
03 it was a mistake because I had not seen that
04 before. I always seen "production liner."
05 Q. And who did you ask about that?
06 A. I didn't.
07 Q. You just -- you saw it, you
08 thought it was a mistake and you just went
09 on --
10 A. I thought it was a typo by the
11 geologist who was preparing the report.
12 Q. And based on that, you just
13 assumed it was a typo and you went on your
14 way?
15 A. Yeah.

Page 372:22 to 374:20

00372:22 (Exhibit No. 3235 was marked.)
23 Q. (BY MR. BOWMAN) It is August of
24 2009 from you. Ian Little. Start out
25 August 19th from Mr. Little to you. Again,
00373:01 who is Mr. Little?
02 A. He was the -- I don't remember
03 what his title was at the time, but he was
04 essentially the drilling manager for the

05 HORIZON.
06 Q. Okay. Pretty high up?
07 A. Yes.
08 Q. All right. So why is he sending
09 you and Mr. Thorseth this information about
10 logging and being critical of Schlumberger's
11 recent performance, that type stuff?
12 A. Can I read the e-mails?
13 Q. Sure.
14 A. So, again, just trying to piece
15 it together from these e-mails, it looks like
16 I was -- we were in conversations around
17 costs for the Macondo well.
18 Q. Yeah.
19 A. I had noticed that the costs for
20 evaluating Macondo were significantly higher
21 than the actual costs for evaluating the
22 Isabella well. Isabella was essentially a
23 very similar well, at least in terms of what
24 we thought Macondo was going to be, to
25 Macondo.
00374:01 And I asked the question why --
02 why did you allow seven days for evaluating
03 Macondo well when we evaluated Isabella in
04 four and a half days.
05 Q. So at this time you're involved
06 in the cost of the evaluation on the Macondo,
07 right?
08 A. I'm asking questions about the
09 cost, yes.
10 Q. Why are you asking questions as
11 opposed to one from the drilling side?
12 A. Because the budget for the
13 exploration well comes through exploration.
14 Q. Okay.
15 A. It comes through me.
16 Q. That's the reason you approve
17 the AFE?
18 A. That's correct. Or people in my
19 line. Mike Daly. Because most of these
20 wells are beyond my authority.

Page 394:20 to 395:05

00394:20 Q. Okay. In the case of Macondo,
21 was BP the operator of both the lease and the
22 Macondo well?
23 A. That's correct.
24 Q. And so as the operator of the
25 lease and the well, it would have been BP who
00395:01 would have been in the position to direct and
02 control the drilling of the Macondo well; is
03 that a fair statement?
04 A. In conversations with the
05 partners, yes.

Page 395:15 to 396:06

00395:15 Q. Did you have any decision-making
16 authority over Macondo operations?
17 A. Only to the extent of the
18 stratigraphy and the prospectivity that we
19 were testing. But in terms of actual
20 operations, no.
21 Q. So if I were to ask you
22 questions about specific drilling activities
23 such as conducting the negative test,
24 converting the float collar, those kinds of
25 things, you would not be able to shed any
00396:01 light on how and when that was done on the
02 Macondo?
03 A. Absolutely not, no.
04 Q. So what was the purpose of you
05 receiving the daily reports and monitoring
06 the well's progress?

Page 396:08 to 398:02

00396:08 A. I have an interest in the
09 progress of the well. The well is to test
10 the prospect that my teams have developed
11 over, in many cases, many years. And we like
12 to stay in touch with the wells so that we
13 understand the progress and when we're going
14 to get to target.
15 Q. (BY MS. KUCHLER) Did you ever
16 provide any feedback on operational issues to
17 the well's team leader for the Macondo well,
18 John Guide?
19 A. I don't believe so.
20 Q. Did you ever provide any
21 feedback on operational issues to the well
22 site leaders on the rig?
23 A. I don't believe so.
24 Q. Did you ever provide any
25 feedback on operational issues to the
00397:01 drilling engineers?
02 A. I don't believe so.
03 Q. Now, earlier, I believe in
04 response to Mr. Bowman's question, you
05 mentioned that you saw something in an e-mail
06 that you thought was a typographical mistake
07 with respect to the long string versus the
08 liner, and that you didn't take it upon
09 yourself to try to investigate that.
10 A. Uh-huh.
11 Q. Was there ever a time that you
12 received information in a daily report or
13 otherwise about operational activities

14 related to the Macondo well and you did
15 intervene to investigate or provide resources
16 or anything of that sort?

17 A. Not that I can think of off the
18 top of my head.

19 Q. So if you had seen, for example,
20 in a daily report a reference to a negative
21 test where there was 1,400 pounds of pressure
22 on the drill pipe and none on the kill line,
23 is that something that from your position you
24 would have questioned?

25 A. No, I would not. And I don't
00398:01 believe I would have seen that on the summary
02 report.

Page 403:12 to 404:06

00403:12 Q. Let's turn our attention back to
13 the relationship between BP and Anadarko with
14 respect to the Macondo well.

15 A. Uh-huh.

16 Q. Part of your job was to go out
17 and see if you could find investors to
18 participate in the well; is that right?

19 A. That's correct.

20 Q. And you explored it with several
21 companies, right?

22 A. Uh-huh.

23 Q. And in the end Anadarko ended up
24 with a 25 percent working interest as a
25 nonoperator in that lease; is that right?

00404:01 A. That's correct.

02 Q. And BP had a 65 percent
03 interest, right?

04 A. That's correct.

05 Q. And BP was the operator, right?

06 A. That's correct.

Page 420:16 to 420:20

00420:16 Q. Do you agree that the operator
17 is responsible for the day-to-day activities
18 of and decisions executed by personnel on the
19 rig?

20 A. Yes.

Page 423:18 to 424:04

00423:18 Q. You do know that a cement bond
19 log was never run on the production casing
20 cement job for the Macondo; is that right?

21 A. I've heard that, yes.

22 Q. Are you aware of anyone from

23 Anadarko ever visiting the DEEPWATER HORIZON
24 while the Macondo well was being drilled?
25 A. No.
00424:01 Q. And you know, of course, that no
02 one from Anadarko was stationed on the rig
03 like the company men for BP, right?
04 A. Right.

Page 425:19 to 426:17

00425:19 So on March 15th Mr. Ishii wrote
20 to Mr. Beirne, and at Bullet Point No. 3,
21 requested a copy of the rig contract?
22 A. Okay.
23 Q. And then would you read for the
24 record, please, Mr. Beirne's response in the
25 first paragraph on the third page.
00426:01 A. I sent a note on our drilling
02 group regarding the HORIZON contract. As you
03 are aware, drilling contracts are highly
04 confidential and it is not customary to share
05 with other companies, including co-owners.
06 Q. So Mr. Beirne refused to provide
07 to one of the co-owners a copy of the
08 drilling contract; is that right?
09 A. He's making a statement. I
10 don't know whether he ultimately refused or
11 not.
12 Q. Well, the statement here is that
13 it isn't even customary to share that
14 contract with the other companies who are
15 paying a portion of the cost of the well; is
16 that right?
17 A. That's what the statement says.

Page 447:17 to 448:10

00447:17 Q. Whose responsibility would it be
18 to monitor whether the actual drilling margin
19 falls below the drilling margins set forth in
20 the permit?
21 A. I would expect the drilling team
22 would be aware of what they're obligations
23 were.
24 Q. Who's -- what does the drilling
25 team comprise? What is the drilling team
00448:01 comprised of? Who's on that team?
02 A. The drilling engineers, the
03 drilling supervisors, and the subsurface
04 representatives on that team.
05 Q. All with BP, correct?
06 A. We engage our contractors as
07 well.
08 Q. Anadarko wasn't one of BP's

09 contractors, was it?
10 A. It was not.

Page 450:10 to 453:15

00450:10 Are you aware of anyone from
11 MOEX ever visiting the DEEPWATER HORIZON?
12 A. Not off the top of my head, no.
13 Q. Do you have any reason to
14 believe that anyone ever did?
15 A. No.
16 Q. Did MOEX have any personnel
17 stationed on the DEEPWATER HORIZON?
18 A. No, not that I'm aware of.
19 Q. Are you personally aware of
20 anyone from MOEX ever providing technical
21 input on the operations of the Macondo well?
22 A. I'm not personally aware, no.
23 Q. What about any input from MOEX
24 with regard to the temporary abandonment
25 procedure for the Macondo well?
00451:01 A. Not that I'm aware of.
02 Q. Are you aware of anyone from
03 MOEX providing any technical input with
04 regard to design of the Macondo well?
05 A. Again, I believe the well design
06 would have been shared with MOEX. And I'm
07 not aware of any input received from MOEX.
08 Q. You're not aware of any
09 technical input?
10 A. Technical input.
11 Q. Directing your attention to
12 Tab 18 in the binder that you --
13 A. The binder?
14 Q. -- just had. Yes.
15 And that is the AFE for
16 expenditure dated -- I believe it's
17 October 1st, 2009. Yes.
18 You testified earlier with
19 regard to this AFE. And you'll note that on
20 this exhibit there is a signature from
21 Mr. Ishii-San, president of MOEX offshore?
22 A. Uh-huh.
23 Q. And attached to this is a Basis
24 of Design document, two pages?
25 A. Yep.
00452:01 Q. Do you have any knowledge of any
02 well design materials other than what's
03 attached to this AFE being provided to MOEX
04 offshore?
05 A. I don't personally have any
06 knowledge, no.
07 Q. Do you have reason to believe
08 anything else was provided to them?
09 A. I have no reason to believe

10 either way.

11 Q. All right. Do you have any
12 personal knowledge of anyone from MOEX being
13 involved in the decision to call total depth
14 at 18,360 feet?

15 A. I have no personal knowledge of
16 that.

17 Q. Do you have any personal
18 knowledge of any operational decision
19 regarding drilling of the Macondo well made
20 by MOEX?

21 A. I have no personal knowledge,
22 no.

23 Q. And my last question is: Would
24 you agree with me that MOEX was not a member
25 or a participant in the BP drilling team that
00453:01 you've testified about earlier today?

02 A. No, they were not a member of
03 the wells team for Macondo.

04 Q. And they did not participate in
05 what the wells team or drilling team did in
06 the course of their work?

07 A. I don't know if there were
08 conversations with MOEX technical staff or
09 not.

10 Q. You have no personal
11 knowledge --

12 A. No, I have --

13 Q. -- one way or the other?

14 A. I have no personal knowledge one
15 way or the other.

Page 454:03 to 455:19

00454:03 Q. I want to turn your attention to
04 what I believe is Tab 1 of Ms. Kuchler's
05 binder. And that's Exhibit 572 and you were
06 asked some questions earlier about that. Do
07 you recall that?

08 A. I do.

09 Q. All right. And I believe you
10 were asked some questions about it,
11 and without any other historical documents
12 other than March 26th --

13 A. Right.

14 Q. -- Exhibit 572 in front of you,
15 and you said that you believed that the wells
16 team had reached total depth at the time that
17 you sent this March 26th e-mail. So I'm
18 going to show you a couple of documents.
19 I'll mark the Daily Operations Drilling
20 Report March 26, 2010 as Exhibit 3242 and ask
21 you to take a look at that?

22 (Exhibit No. 3242 was marked.)

23 Q. (BY MR. LANCASTER) I'm also

24 going to hand you Exhibit 2370, it looks
25 like, which was discussed earlier, which
00455:01 contains the three financial memoranda, and
02 I've highlighted some language at the back of
03 the third financial memoranda, and give you a
04 minute to look at both of those.
05 A. Okay. Okay.
06 Q. Having had a chance to look at
07 those documents, does that refresh your
08 recollection as to whether or not the wells
09 team had reached total depth as of March 26,
10 2010?
11 A. Yes. And clearly the well had
12 not reached total depth --
13 Q. All right.
14 A. -- on March the 26th.
15 Q. At the time that you sent your
16 March 26th e-mail, were you aware that the
17 well had encountered losses and taken a kick
18 on March 8th, and that the well had cost more
19 and taken longer than originally anticipated?

Page 455:24 to 456:19

00455:24 A. The details, I'm not sure. But
25 certainly, yes, this had -- whole -- this had
00456:01 been a difficult well to this point, and I
02 was aware that they had taken kicks and lost
03 circulation.
04 Q. Okay. What is the date of your
05 signature on the financial memoranda that I
06 put in front of you?
07 A. 30th of March.
08 Q. All right. And does the
09 financial memoranda that I put in front of
10 you that you signed on the 30th of March
11 indicate that the well had taken losses?
12 A. Yes, it does.
13 Q. Does it indicate that the well
14 had taken at least one kick?
15 A. It does.
16 Q. And does the financial memoranda
17 reflect a request to allocate more funds
18 because the well had taken longer and cost
19 more than originally anticipated?

Page 456:21 to 457:13

00456:21 A. It does, I believe, involve a
22 request for additional funds to complete the
23 well.
24 Q. (BY MR. LANCASTER) Okay. Now,
25 having had your recollection refreshed with
00457:01 respect to the context around Exhibit 26,

02 look at the sentence that reads: I know that
03 this well had demanded more than its fair
04 share of your time and attention and wanted
05 you to know that it has not gone unnoticed or
06 unrecognized.

07 What were you trying to
08 communicate to David Sims and John Guide and
09 Mark Hafle and Brian Morel and Brett Coteles
10 and Maurice Sepulvado and Ronald Vidrine and
11 Don Lupe [phonetic] early when you -- when
12 you wrote that? And Mr. Bodek, for that
13 matter?

Page 457:15 to 459:06

00457:15 A. I was trying to recognize the
16 fact that this had been a difficult well. I
17 knew that it had required a lot more than
18 eight hours a day for five days a week. They
19 had worked very hard to get the well to this
20 point. And it looks like this point was --
21 the whole section above the target section.
22 And I just wanted to recognize them for what
23 they had accomplished.

24 Q. (BY MR. LANCASTER) All right.
25 And you say: Thank you for your commitment
00458:01 but to remain by far the highest performing
02 exploration wells team in the Gulf of Mexico.

03 What were you saying to them
04 when you wrote that?

05 A. I was congratulating them again
06 on the work they had done in the well to this
07 point and consistent with the work that they
08 had done over the previous years and previous
09 wells.

10 Q. And were you aware even
11 generally of the safety record of the
12 DEEPWATER HORIZON that it had achieved up to
13 that date?

14 A. I was.

15 Q. Okay. And you were asked a
16 question about knowing everything you know
17 today, would you still have written that
18 e-mail or something to that effect, and I
19 believe your answer was no, but you weren't
20 asked why. Why wouldn't you write the same
21 e-mail today?

22 A. Knowing what we know now and
23 what happened after this, it would just be
24 inappropriate to send a congratulatory e-mail
25 like this given the impact of the incident.

00459:01 Q. Do you have any firsthand
02 knowledge as to whether or not any of the men
03 who you sent this e-mail to did anything
04 wrong in connection with what happened on

05 April 20th?
06 A. No, I don't.

Page 468:07 to 469:04

00468:07 I want to make sure, though,
08 that the record is clear. Do you have the
09 daily ops report that I put in front of you
10 from March 26th? I ask you to take a look at
11 it to refresh your recollection.
12 A. (Indicating.)
13 Q. Right. The date of the ops
14 report I marked -- what's the Exhibit number
15 I put on there?
16 A. 3242.
17 Q. Right. So Exhibit 3242, that
18 daily ops report, is that the kind of daily
19 report that you would receive during the
20 drilling of the Macondo well?
21 A. No --
22 Q. Okay.
23 A. -- I would not receive this.
24 Q. What kind of daily report would
25 you receive related to the Macondo well?
00469:01 A. I receive a report that is one
02 or two or three sentences that summarizes the
03 subsurface information that is of interest to
04 an explorer.