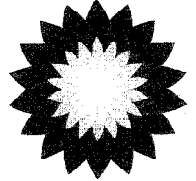


bp



# Management Accountability Project

Texas City Isomerization Explosion  
Supplemental Report

February 2007

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**Supplemental Report of the Management Accountability Project:**  
**Texas City Isomerization Explosion**  
**Pertaining to John Manzoni**

**I. Introduction**

Section I, the Introduction section, of the primary report of the "Management Accountability Project" is incorporated herein by reference.

**II. Process**

Section II, the Process section, of the primary report of the "Management Accountability Project" is incorporated herein by reference.

In addition, while John Manzoni was involved in the process of identifying some of the team members (properly so, given that he is the Segment CEO), he made it very clear to Bill Bonse that the team was free to determine whether he would be included in the scope of its review. The team was not restricted in any way by the fact that Manzoni assisted in some of the appointments for the team, and he has been considered on the same basis as everyone else.

**III. Foundations for Management Accountability**

Section III, Foundations for Management Accountability, as set forth in the primary report of the "Management Accountability Project", is incorporated herein by reference.

**IV. Recommendations for John Manzoni**

John Manzoni was placed in Tier 2 of the analysis conducted by the team. The descriptions of Tiers 1 through 4 from the primary report are set forth below and Manzoni is now added to this list.

<u>Category</u>	<u>Description</u>	<u>Individuals</u>
Tier 1	Direct accountability for substantial management activities; aggravating factors generally outweigh mitigating factors	Mike Hoffman Pat Gower Don Parus Willie Willis
Tier 2	Direct accountability for substantial management activities; balance of aggravating and mitigating factors	John Manzoni
Tier 3	Accountability (direct or shared) for management activities; mitigating factors, outweigh aggravating factors or other considerations	Kathleen Lucas Joe Barnes Bill Ralph
Tier 4	Persons who did not have accountability at the time of the disaster but previously held some accountabilities	Rick Hale Ray Hawkins Rich Peltier

As Chief Executive of the Refining and Marketing Segment, John Manzoni is responsible for a highly diverse portfolio. As he lacked refining experience, he chose to fully rely on Mike Hoffman as the Refining SPU leader. It appears that John did not have necessary information to adequately supervise the Refining's SPU's performance. Further he was not informed adequately by Mike about the issues at TXC Refinery that would suggest it had operational issues that could affect safety.

It is important to note in this context that there was a "standoff" between John and Mike. John obviously accepted the 'Fortress Refining', which he considered a closed shop. He was either unable or unwilling to manage Mike Hoffman – and even *after* the explosion used the GVP, HSSE and Technology, as his "window into Refining". This stand-off appears to have prevented a rigorous debate and clear agreement between John and Mike about the right portfolio and investment strategy for the SPU Refining and TXC refinery in particular. It also contributed to John's lack of understanding of the inherent risks at the TXC refinery.

These are certainly relevant mitigating considerations.

On the other hand, as John has been R&M's Chief Executive since 2002 it is difficult to understand why during this time John did not try to gain a level of technical insight into the SPU Refining that would have allowed him to better understand its operational issues and perhaps to set the right priorities with limited capex and revex funds. There were many opportunities to get insights directly.

He visited TXC Refinery several times which ought to have given him some of the missing information (or at least critical clues) that TXC Refinery was in worryingly poor condition and that there were serious questions concerning its overall operating condition.

Further the team also believes that he was given significant messages about the safety risks at Texas City, including the following:

- 1) The AT Kearney/Veba study in 2002 (which is discussed in the primary report of the management accountability team) stated there were major risks at Texas City;
- 2) The November 2003 bilateral presentation made to him went beyond the commercial presentation and included information about process safety issues;
- 3) The 2004 gHSEr 179 report ("Safety, Environmental and Integrity Management Systems Audit") stated that in R&M there was a 'lack of a concise safety, environmental, and integrity management strategy'; and
- 4) Steve Welch's response to John's request in October 2004 wherein Steve told him (after the second and third fatality and the third major incident at Texas City in 2004) that the GVP Refining was not responding aggressively to the latest incident.

Indeed, even assuming, to John's benefit, that the messages noted above were potentially combined with other information that might have distracted him from understanding the risk potentials at Texas City, the explosion and fatalities in 2004 sent clear warning signals. The appropriate response to these messages and signals should have been to conduct a much deeper dive into the process safety environment of Refining, especially at Texas City, compared to what he did do in response to these incidents (increasing inspection and expenditures, as well as emphasizing Just Culture).

The team came to the conclusion that John failed to implement his duties outlined in the BP Management Framework, i.e. to carry out his responsibilities by adequately monitoring his delegations and obtaining the information he needed to better understand his most complex and important refining asset and the risks for major calamities at that facility. The stand-off between him and the GVP Refining as described is simply not acceptable.

Process safety did not have the same priority, at least, as commercial issues for John, and there were important performance gaps from a management accountability perspective concerning his actions (or inactions). We wish to emphasize, however, that none of John's actions or inactions rose to the level of serious neglect or intentional misconduct.

While it is evident that this did not contribute to the fundamental root causes for the ISOM disaster, it is not simply hindsight to suggest that John should have taken more steps to consider and mitigate the risks long before this disaster occurred.

Hence, it is our view, that in the light of the circumstances, the accountability of the Chief Executive R&M should be considered by the appropriate parties within BP.

**Matrix**

**Accountability Matrix for Supplemental Report**  
*Never forget: 15 people killed, 170+ hurt badly*

Name	What aspect of this person's job related to the incident?	Did this person have the necessary information to adequately perform his/her role as they relate to the incident? If not, did he/she seek that information? Or could he/she have sought it?	Did he/she act appropriately on that information? Did he/she set Right Priorities? Mitigating Factors Aggravating Factors	Outcomes: 1. Lack of competency 2. Neglect 3. Poor Judgment 4. Failure to perform duties 5. Other
John Manzoni	Carries full accountability for R&M including Refining.	<p>No, he did not have complete information.</p> <ul style="list-style-type: none"> <li>• He was not adequately informed about the refinery's PSM capability; he was not informed about the failure to report fires; he was not aware of the lack of professional capabilities of some leaders. [1]</li> <li>• He did not seek the missing information despite several visits and serious warning signals from TXC (2004). [2]</li> <li>• Despite being R&amp;M CEO since 2002, he did not seek or gain a level of technical understanding that would have allowed him to better understand non-commercial issues and perhaps to set priorities correctly with limited capex and revex funds. [2A]</li> </ul>	<p>No, he did not act appropriately, but he takes accountability. [3]</p> <p><u>Mitigating Factors</u></p> <ul style="list-style-type: none"> <li>• Huge diverse portfolio. [4]</li> <li>• Neither Mike Hoffman nor Pat Gower nor Don Parus delivered the brutal facts that fundamentally, the TXC Refinery was unsafe and it was a major risk to continue operating it as such. [5]</li> </ul> <p><u>Aggravating Factors</u></p> <ul style="list-style-type: none"> <li>• It is not apparent that Process Safety had the same priority as his interest in commercial issues. [6]</li> <li>• He did not draw the right conclusions from the GHSEr- and other reports. [7]</li> <li>• He did not apparently question the capability of BULs; preferred to apply ad hoc audits rather than apply effective performance</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to perform his duties. [14]</li> </ul>

**Accountability Matrix for Supplemental Report**  
*Never forget: 15 people killed, 170+ hurt badly*

		<ul style="list-style-type: none"><li>management. [8]</li><li>No strategic plan for Refining. [9]</li><li>Went to TXC in 2003 and 2004; saw first hand the site's poor condition. [9A]</li><li>Very powerful messages given by ATKVebea study in 2002 and in the November 2003 bilateral presentation. [10]</li><li>Explosion and fatalities in 2004 also sent a warning signal.</li><li>Steve Welch's response to his request told him that the GVP Refining was not acting appropriately (after third major TXC incident in 2004).</li><li>Clearly calling the shots for all SPUs in R&amp;M, except Refining where he did not drill deeply in contrast to other SPUs. [11]</li><li>Accepted the 'fortress refining' (he considered it a closed shop); either unable or unwilling to manage Mike Hoffman [12] – even now uses the GVP, HSSE &amp; Technology as a window into Refining. [13]</li></ul>	
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**Appendix - Manzoni**

## Appendix to Accountability Matrix for Supplemental Report

<b>JOHN MANZONI</b>		
Ref. No.	Background Documents	Page Nos.
1	Deposition of John A. Manzoni	53, 129-130, 142, 154, 162, 217
	Bilateral November 24, 2003	8, 12
	- No PSM record	15
	- No fires reported	42
	- Poor professional capability not mentioned	43
	Don Parus Interview	7
	John A. Manzoni Interview	1, 2
2	John A. Manzoni Interview	1, 2, 3
	Bilateral November 24, 2003	13, 18, 36, 38, 40, 45
2A	John A. Manzoni Interview	1, 2, 3
3	Deposition of John A. Manzoni	81
4	Deposition of John A. Manzoni	27
5	Deposition of John A. Manzoni	56, 63, 109, 165-166
	Don Parus Interview	7
6	Greg Coleman Interview	2
	John A. Manzoni Interview	2
	Interview with Mike Broadribb	2
7	Group's gHSEr reports on 2003	2
	Group's gHSEr reports on 2004	2
	John A. Manzoni Interview	2

## Appendix to Accountability Matrix for Supplemental Report

<b>JOHN MANZONI</b>		
<b>Ref. No.</b>	<b>Background Documents</b>	<b>Page Nos.</b>
	179 R&M Safety, Environmental & Integrity Management System Audit of November 2004	5, 6
8	John A. Manzoni Interview	2
9	John A. Manzoni Interview	2
9A	John A. Manzoni Interview	1, 2
10	ATK/Veba report  Bilateral with John Manzoni dated November 24, 2003	8, 9  See Ref.No.1
11	John A. Manzoni Interview	2
12	John A. Manzoni Interview	2, 3
13	John A. Manzoni Interview	3
14	Deposition of John A. Manzoni	58, 60, 173