

**INTERVIEW OF JOHN MANZONI ("JAM")
ST. JAMES
LONDON
JULY 7, 2006**

Interview conducted by Bill Bonse and Stephanie Moore.

INTRODUCTORY COMMENTS:

JAM irritated by the different and uncoordinated legal advice received regarding Don Parus' disposition and potential termination. Wants to reflect after the team's report is issued.

INTERVIEW:

No hand over from Doug Ford, does not remember anything. He came from Gas & Power, but had previously worked in Downstream, so, not totally new to the business.

MID coordinated top structure of the Amoco BP merger, set a time table, and articulated the management processes, such as business units, peer groups. After the top structure was in place, then primarily delegated responsibility for rest of organization and then followed up generation of synergies. This was the process used in establishing 'getting HSSE right' as the safety process.

Peer groups was the structure used to do the actual integration, no cultural workshops etc. Was not involved in the 25 % reduction directive.

Remembered going to see Don in 2003. Key highlights: 1000 plan and implementation of 'just culture'.

Knew about the decapitalization. In fact from 2002, Mike and JAM ensured the budget increased consistently.

Remembers the Veba audit and Mike's concerns about inspection. Also in 2002, at the request of Mike, inspection was increased considerably (Mike was worried about steam leaks, pipes, and such).

No idea of the "extent" of the integrity issue! Reviewed the March explosion, but although it was an integrity issue, they had already decided to increase inspection and expenditure so everything was on track. Went to TXC in 2003 and again in 2004. Knew about the broken window program. Went into the plant but did not really know what to look for. Never had a discussion about whether or not the place should be shut down. Never saw the Rick Porter report. Audit system is broken. Reports go to the audit board, not the line. In fact in 2002, the gHSEr audit was not done in TXC. The first one was done in 2003 when Mike and JAM arrived. Report only went to the BUL. He intervened with Alvin Keith by having a team led by a BUL/PUL.

Saw the summary of the gHSEr in 2004. Got very worried about compliance. This is when they started the compliance audits. Compliance could be reduced to a yes or no, yet found out that people did not know the rules or what to be compliant against. This is when they introduced the 10 point requirements, non debatable. The objective was to create a sharper edge of compliance to combat the sense of non compliance that had been raised in the audits. They were in the middle of these compliance audits when the TXC incident happened. To be frank, golden rules are an upstream invention--lots of confusion whether they were standards or not.

After the TXC tragedy, the compliant audits were replaced by the HRO audits. Never got a signal from group audit about operations integrity. In November 2002, the issue brought to JAM's attention was TAR and project management. In 2004, (it is a 2 year cycle) the point brought up was unclear accountabilities (Star site concept). Problem lies ultimately in audit process; complete breakdown in information flow. Overall, they share far too many lessons; little or no quality control on actions; they have been muddled between aspiration and assurance. Recommended that audit needs to be checked for compliance.

Did not know about the fires, etc. There was a clear break down in information. Very closed system in Refining; report was that 'everything was fantastic'. Did not know which questions to ask, did not ask the right questions and was not told. Mike, Pat should have told JAM.

Do not know how PSM was managed before March 2005. Can know about the Solomon findings when he asks. Did not review since in essence its all about net margin. In fact, JAM does not see any results of any refinery seperately. He does not see a regional result either. Was surprised Coryton only made 25 million last year. Refining is a closed bunch--the boss is particularly so.

Bill Bonse: Refining SPU needs a safe place as indicated by John Browne in Lisbon.

JAM: I know what he said but it's how he acts.

Mike was trying to replicate the BU structure of BP within refining, i.e., RVP as the old type SET, but the BUL's are still directly responsible to him through their performance contract. Pat was not managing performance. JAM states that this will now change. He will double check the blue book. The blue book has no effective date.

Bill Bonse : Blue book has no date (but issued in 2005)? It specifies BUL's reporting to RVP? We get different information from different people.

JAM: He did not drill deep into refining. He was not invited in either. Colin reports to Pat. This is now very clear! Prior governance process was intended to replicate the E&P business model wherein the leader remained accountable for bottom line performance and the intermediary level was to be around coaching. Results were variable. CJ did manage performance; not sure about Pat or Walter. It is not very clear when you read what has been written. It is clear now (after the blow up with Colin) that Colin does report to Pat. Mike was promoted to high B as part of the general review of the GVP

jobs; did not check the 'glowing' view of Mike's performance. John was focused on the market facing capability; he did not penetrate refining.

Ralph did not talk to me about Grangemouth.

Believe Don came to the SET to discuss September fatalities (this was the procedure). Does not remember what was said. Safety was first on the SET agenda; does remember sending Steve Welch a note ahead of the SET meeting with Parus for Steve's feedback. He saw Don as 'one of the bigger guys, a refiner'. Did discuss just culture. Never discussed Don's replacement with Mike. Mike wants people around him who agree with him. Part of the problem was that Mike surrounds himself with people who agree with him. Mike never stepped in and took accountability for the March tragedy. They talked about compliance in the SET and JAM issued a note to the R&M group leaders when they introduced the compliance audits. JAM does not remember talking to Ian Rushby about audits; did not discuss GHSSEr audits at any of the downstream conferences.

Bill Bonse : There was a lot of lip service to safety.

JAM: Agree with Mike that the TXC situation was partly due to history, decapitalization (deeply over capitalized), fixed cost reduction etc. They found many inspection items overdue and therefore increased inspection. JAM questioned himself at the back end of '05 "have we been under spending?" Had no idea they were so far out!

Bill Bonse: PSM group of Amoco was disbanded.

JAM: BP had decimated functional excellence and the business unit was king; Indeed, they found Amoco had a top heavy functional structure. BP was very lean. There were complaints also in Amoco that functions had gone too far in front and were abolished, absolutely obliterated functional capability. Subsequently they recognized this as a problem and rebuilt the functional organization. Initially, they went too far – however, they are now in a better balance.

PSM is still managed the same way through the line. CJ is JAM's route into refining; his lens into operational and integrity issues. JAM had no awareness of the integrity management standard until about four or five months ago. In fact, JAM commented that he did not know that an IM standard was written until recently.