

**INTERVIEW OF DON PARUS
TAKEN ON
OCTOBER 12, 2006
JUD STARR'S OFFICE
WASHINGTON, D.C.**

On October 12, 2006, the Management Accountability Team interviewed Don Parus at Judson Starr's office in Washington, D.C. The participating team members were Bill Bonse, Rudy Blyweert, Stephanie Moore and Jeff Heller. Bill Bonse was the primary interviewer. The interview lasted approximately five hours. Margene Westlund and Jeff Heller took notes of the interview. Margene Westlund prepared the interview summary. Mr. Parus has not reviewed this summary, although his counsel has requested to see the summary. Mr. Starr, Brian Flack and Jamie Weitzel were present on behalf of Mr. Parus.

Mr. Heller informed Mr. Parus that the interview was not privileged and therefore will not be covered under attorney-client privilege doctrine.

Mr. Bonse gave an introduction regarding the scope of the interview. Mr. Bonse informed Mr. Parus that John Manzoni directed him to head up a management accountability team in relation to the March 23 Texas City ("TXC") incident. Mr. Bonse explained that Sally Bott and Peter Bevan are the clients, and to some extent, Mr. Manzoni. The team was put in place to get insight as to what led to the March 23 tragedy. Mr. Bonse informed Mr. Parus that his interview was important because he was the BUL of the refinery and that the team needed his view to come to a fair judgment. A key objective to this project is to find out to what extent the upper hierarchy was made aware of the issues at TXC and what needed to be done to make TXC safe.

The plan is to have the report completed by the end of November 2006 with a subsequent presentation to Ms. Bott and Mr. Bevan in London.

Mr. Starr asked what the report is for: Mr. Bonse responded that the report is to determine disciplinary recommendations to Ms. Bott and Mr. Bevan. However, Ms. Bott and Mr. Bevan will handle the decision making process.

INTERVIEW:

EDUCATION AND EMPLOYMENT BACKGROUND

Mr. Parus received a Bachelor of Science degree in Engineering from the University of Illinois in 1978 and a Masters Degree in Chemical Engineering from Northwestern in 1979. He also received a MBA from DePaul University.

Mr. Parus worked at Amoco between his undergraduate and post-graduate degrees. He was hired by Amoco directly out of college. Mr. Parus described his employment history into four categories:

13 years--Manufacturing—Whiting Refinery

Yorktown Refinery (BUL)
Texas City—various roles

4 years (1993-1998)—Supply and Logistics (Trading, Operations, Business Development) and Pipeline Company.

Some corporate roles—Results Management and a position similar to a Chief of Staff position with Dick Evans.

3 years—Procurement in London after the merger.

Mr. Parus spent a lot of his London assignment on integration work for the ARAL/VEBA merger. He also spent one year in joint ventures in Germany, New Zealand and South Africa. Mr. Parus also did special assignments for Al Kozinski.

In April 2002, Mr. Parus replaced Tim Scruggs at the South Houston Integrated Site (“SHIS”).

Basically, Mr. Parus’ career was in downstream.

MR. PARUS’ MANAGEMENT PHILOSOPHY AND STYLE

Mr. Parus was placed at TXC to put in a strong team to handle the operations. As Mr. Parus moved up the hierarchy, his role moved more external. That was the BP model. In other words, 60% of his time was spent outside the site, such as community work, London responsibility, BUL meetings, and networking. Mr. Parus identified his style as people oriented, one who set clear expectations and goals, and one who created an open dialog with his direct reports.

Mr. Bonse stated that BP was centralized and number’s oriented. Mr. Parus responded that BP is decentralized with a central group monitoring the numbers. There is very little standardization. There was a big difference between Amoco and BP. BP is performance oriented and PPMs were used to monitor or measure performance. PPM was one of the few centralized groups. The numbers got a central focus but many other functions were decentralized. Amoco was less focused on the numbers—it was more people oriented. Amoco was centralized and standardized with regard to procedures and policies. The BP business unit model is decentralized. This was a huge cultural shock for Mr. Parus.

MR. PARUS’ CURRENT STATUS

Since May 13, 2005, Mr. Parus could count on one hand what he has done for BP since being put on administrative leave. He was told he would be assisting with the investigation and therefore could not manage his BUL role. Currently, Mr. Parus is teaching part-time at a college in the evenings. He also does some volunteer work.

MR. PARUS’ TRANSFER TO TXC

TXC was called the South Houston Integrated Site (“SHIS”). In April 2002, when Mr. Parus arrived, SHIS consisted of five plants: one refinery and four chemical plants. TXC had a refinery and a chemical plant that were culturally different. The remaining three plants were in three different directions approximately 25 miles apart and non-union. It was a conglomerate of sorts. No one had ever seen this type of collection before.

Mr. Parus reported to the SHIS Board, which consisted of two VPs (one from the Chemical segment and one from the R&M segment). It was a dual reporting and tagging relationship. Mr. Parus reported to Andrew McKenzie and Mike Hoffman, but he was also tagged to refining. It was an interesting relationship.

Mr. Parus had visited the TXC Refinery in 1992, but had never seen the Chemical site. He thought that the site had decayed since his last visit 10 years ago. TXC was considered a flagship in the 1980’s and early 1990’s. Mr. Parus is not sure what happened between that time. The office, infrastructure, assets, roofs not repaired, etc. — TXC was in complete decline. Mr. Parus did not see that in the chemical plants. But, he did not have a benchmark to compare the chemical plants. There was a significant difference in assets between the chemical plants and the TXC refinery—the chemical sites were in better condition.

APRIL 2002 HANDOVER FROM TIM SCRUGGS

Mr. Parus and Mr. Scruggs had a lengthy handover, but Mr. Scruggs never shared any concerns or issues about the assets of TXC. Mr. Scruggs thought the assets were fine. Mr. Parus resided at the chemical office building to provide balance between the refinery and chemical business aspects of his role. It was a complex business model.

Mr. Parus’ first observation was that TXC was a run down refinery, at least on the surface and looked in decay. He had been to the German site and there was no comparison. This resulted in him having AT Kearney (“ATK”) conduct a study of the assets of BPSH. Mr. Parus worked with Iain Conn as he was running or would soon be running the Chemicals business and he was the father of VEBA. Mr. Conn said they should do a deep dive of TXC. Mr. Parus was also very concerned because TXC did not have an on-site BUL. TXC’s BUL was located in Toledo (Jeanne Johns) who was also the Toledo Refinery BUL. There have been 7 part-time BULs for TXC in an 18 month period. Even Mr. Kozinski’s Executive Assistant was a part-time BUL for a period of time. This prompted Mr. Parus to have ATK do a study. Mr. Parus wanted the study presented to him first and then he would do a presentation to the SHIS Board--Mr. McKenzie and Mr. Hoffman. The results were the inverse of the VEBA study in Germany (Gelsenkerchin) – a pyramid turned upside down. In Germany, the study found that the site was well maintained, but not optimized. In TXC, the study revealed that the process units were not maintained, but the site was highly optimized. The plant was maximizing profits in market conditions.

The report came to Mr. Parus and his team and he scheduled a board meeting in July 2002 and presented the results of the VEBA study. This resulted in placing a full time BUL at TXC, which is how Rick Hale came to TXC.

Also around that time, there were some diversity issues concerning George Carter. CJ Warner and Aretha Preston performed a deep dive at the refinery. Ms. Warner and Patti Bellinger told Mr. Parus about the diversity study. Steve Davies and Mr. Hoffman went to TXC to visit with the people while the VEBA study was going on. They met with various teams and then instructed Mr. Parus that Mr. Carter must go. Rick Hale replaced Mr. Cater, but the titles changed from Operations Manager to BUL. There was no longer a need for an operations manager.

Mr. Bonse stated that ATK gave strong warnings that TXC was not a safe place. Mr. Parus responded that he did not get that interpretation. Mr. Parus believed that there was a need to improve the condition of the assets. The star site concept was to share common practices and that was not being done. TXC was like a fortune 500 company. Other organizational changes that resulted from the study were to bring in a works services manager for the five sites. Norine Stein was brought in as the works services manager. Aretha Preston was brought in for D&I, i.e., training, people, retention, etc. Rick Hale was brought in as the BUL.

ACCOUNTABILITIES

When Mr. Parus started, the accountabilities were unclear and disputed. They were crossing two models. Chemicals had a works services manager and product line BULS. Refining had a BUL and the delegation went directly to the BUL. But, the chemicals works general managers came to Mr. Parus for operations issues, but the budget came from the chemical BULS. The chemical side had dual reporting then. The day to day operations reported to Mr. Parus, but the capital came from an external BUL. Rick Hale in refining had three bosses--Mr. Parus (integration), Mr. Gower (day to day) and Mr. Hoffman (performance contract). Mr. Hoffman assigned the P&L to Mr. Hale. Mr. Parus was told that he was responsible for operations, but had no budget control or authority. Mr. Parus handled integration issues with Mr. Hale.

In the last quarter of 2003, Mr. Parus attempted to change the governance/structure of this reporting relationship. Mr. Parus did not think the Greenbook would change this structure, so he put a team together and a plan and sent it to Mr. Hoffman. In the first quarter of 2004, Mr. Hoffman put this project on hold because at the time, Project Snocap was underway (the divestment or spin-off of the chemical assets). Mr. Parus did not have any budget control. The infrastructure expenses were under the chemicals works general managers and the refinery BUL.

UNION RELATIONSHIPS

Three of the plants were non-union (DeerPark, Chocolate Bayou and Cedar Bayou). Texas City Chemical and the Texas City Refinery had separate unions, leadership,

seniority lists and agendas. Relations were starting to improve, but after the retiree medical benefit was changed, it destroyed the union relationship. The unions pulled out of all committees, except maybe the safety committee. In an effort to improve union relations, Mr. Parus picked up the PACE project with Bob Tucker in 2003/2004. Relations improved by late 2004, but the scars still existed.

1000 DAY GOALS

Mr. Parus set up the 1000 day goals for structure improvement and integration. He took the bold goals from management author Jim Collins, which was an important tool for integration. Mr. Parus took Iain Conn's 1000 days to implement the chemical plans and Collins' bold goals, merged them together and started the clock. The goal was to improve integration value of the five sites and the five stands: safety, environment, availability, financial and people. The concept was to take the best site practices and implement that in 1000 days. For example, Chocolate Bayou became the benchmark for safety, etc. In the third quarter 2003, Mr. Parus presented the bold goals and 1000 day goals to Mr. McKenzie and Mr. Hoffman. The clock started around September 2003 and it became part of Mr. Parus' contract. This focused on integration and not on capital or assets. Mr. Parus put profits on his contract as a memo item, but he didn't have the budget. Mr. Hale had the budget. Mr. Hoffman called Mr. Parus and complained about the budget or the GFO change after the 4 Ultra Former fire. Mr. Parus delivered his goals through the business units, but needed their help. Mr. Parus did not have the budget. It was like a minister without a portfolio.

UPPER MANAGEMENT VISITS/SAFETY OF TXC

There were not many visits by John Manzoni in the 2003/2004 timeframe. Mr. Parus shared the VEBA study with Mr. Hoffman and Mr. McKenzie. When the SHIS board met, they toured the Refinery so they could see the broken windows. They also did a tour for Mr. Manzoni. The response by Mr. Hoffman and Mr. McKenzie was good, but no action. Pat King, as the SHIS transformation manager, would give presentations on what they were doing.

Mr. Bonse reported that Mr. McLemore said there was one fire per week at TXC, but that the only fires registered were the ones where the brigade responded. This was an indication that TXC was not safe.

Mr. Parus responded that Pat Gower came to TXC, but would go out on his own to "kick the tires". Mr. Gower was a maintenance manager and knew the condition of the site. The BULs had to beg for funds from Mr. Gower, Mr. Hoffman and Mr. McKenzie. Mr. Hale went to Mr. Gower's meetings; Mr. Parus went to Mr. Hoffman's meetings, which were primarily offsite in London and L.A. Mr. Hoffman's meetings were not performance based—most of it was training done by consultants on managerial skills.

HANDOVER FROM SCRUGGS

When Mr. Parus arrived at TXC, he never asked how many fatalities TXC had. However, he asked that question when he had the first fatality in May 2004 and he was shocked to learn the numbers. He was also shocked that three things caused half the fatalities. Mr. Parus stated that TXC kept making the same mistakes. When Mr. Parus did the handover from Scruggs, fatalities were never mentioned. Mr. Parus did not know a number of things until Mr. Hale left. To name a few, he didn't know that face to face training had been eliminated; he also didn't know about the cost cutting. Mr. Parus had BULs and others handling these matters because Mr. Parus did not have budget responsibility. Although, at the SHIS Board meetings, Mr. Parus tried to help the BULs get money. Mr. Parus discussed the infrastructure at TXC and explained to the Board what the BULs needed. Those were high level meetings which took place maybe two times per year, due to scheduling conflicts. The 1000 day goals were covered at the SHIS Board meetings because it had an integration lens. If Mr. Hoffman stayed and met with Mr. Hale, Mr. Parus would not have been a part of that meeting.

AT KEARNEY REPORT—SOUTH HOUSTON ONLY

There was discussion on what was the best way to do this. There was discussion about how much money should be spent on a project. They brought in Pat King who would report to Mr. Parus for help on the integration process. This was to be a catalyst to get the BULs aligned to fix the problems. Mr. King was on Mr. Parus' staff, but he was there to give support to the BULs on the site.

PAT GOWER VISITS/BUDGET

Mr. Parus did not meet with Mr. Gower until June 2004, when he became the BUL. Post June 2004, Mr. Parus and Mr. Gower would have half day meetings on the numbers because Mr. Gower picked up that accountability. Mr. Gower would stay an extra day and then go out to the site and "kick the tires". Mr. Parus never got any feedback from Mr. Gower after his walks around.

In 2005, Mr. Gower cut Mr. Parus' budget by 25% via an e-mail. Mr. Parus plead his case as to why they needed the funds, in addition to showing Mr. Gower the problem areas and the conditions of the piping alley and the change house. Mr. Gower did not give Mr. Parus any money. Mr. Gower controlled the capital budgets for the region and made the final decisions for each site.

AWARENESS OF THE CONDITION OF TXC

John Manzoni was at TXC two days in July 2004. Mr. Parus presented a slide show from the Solomon study of 10 years of history and that every year TXC underinvested at the site. There was not a lot of reaction. That is when Mr. Parus made the pitch for more capital. The industry line was increasing due to better margins. Total investment at the site for the last 10 years had been underinvested. Mr. Parus believed that Mr. Manzoni got that.

Mr. Parus did not believe that he missed any opportunity to tell the story. Tony Meggs and Greg Coleman got the story. Mr. Parus pleaded his case on the condition of the assets, vis' a vis, tours, presentations, discussions, etc. Any senior management person that visited got the same story. After various meetings with Mr. Hoffman and Mr. Gower and the Manzoni visit, Mr. Parus still received an e-mail to cut the budget by 25%. All of his efforts fell on deaf ears. Mr. Parus was livid about the budget cut and asked Mr. Gower what he should do. Finally, Mr. Parus sent Mr. Gower a list of what he would be cutting.

Jud Starr asked Mr. Parus if he could have done anything more. Mr. Parus responded that he exhausted every avenue he had to get the funds and it remained a no. Mr. Parus emphasized the change and the turmoil from the Innovene separation. Mr. Parus wore four hats during that time which diffused his ability to emphasize any one issue in 2004. Mr. Parus worked on the legal separation and had to go through the Tier 1 to Tier 4 process; 5000 man hours were spent getting it ready for separation. He also worked on the union PACE project. He tried to make his case on the separation of the docks, utilities, etc. He was also the site director and had Rick Hale's job as the BUL. All of these roles had a no flex clause.

LEADERSHIP TEAM—TXC

Kathleen Lucas: Ms. Lucas was Mr. Parus' first choice. He did not agree with the structure,—a layer between the operations manager and himself because it denoted that staff was more important than the line. Mr. Parus wanted the line to hear directly from him. Mr. Parus believed that the operations folks were just as important and did not want another layer put in place. Mr. Gower said this structure was non-negotiable. Once Mr. Parus agreed on the structure, Ms. Lucas was his first choice. She has good union skills and is well respected. However, Mr. Parus wanted the maintenance manager reporting to Ms. Lucas and Mr. Gower said "no".

From 1999 to 2004, the BULs autonomy had eroded. Mr. Gower was Mr. Parus' interface and Mr. Parus dealt with him almost exclusively. Mr. Gower interfaced with Mr. Hoffman. Mr. Parus' performance contract with was Mr. Hoffman, but Mr. Gower had the day to day contract with him, i.e. reviews and budget. The BULs did not call Mr. Hoffman. The three regional refining VP's were put in place as extension of Mr. Hoffman's office. Mr. Parus dealt with Mr. Gower as if his contract was with him since Mr. Gower gave Mr. Parus reviews on his contract.

Willie Willis: Mr. Parus recommended Mr. Willis and the Group Refining Leadership (“GRL”) approved. Rick Porter recommended Mr. Willis as the number one choice to help with part of the TXC transformation project. This was a level E position. Mr. Willis was considered number one from the ARCO sites. Mr. Willis worked with Pat King in anticipation of a line role. Mr. Parus did not check Mr. Willis’ education. The concept was to bring Mr. Willis into Mr. King’s team first before he would move into operations. Mr. Willis got overwhelming endorsement by the BULs, so there was no concern with Mr. Willis’ ability to do the job. Rick Hale later put Mr. Willis in the West Plant operations role. Mr. Willis was the preferred candidate for the MDL job posting. Mr. Willis was on the Band D succession list as a potential for becoming a BUL.

Joe Barnes: Mr. Parus put Mr. Barnes name forward. Mr. Barnes had a strong operations background. Mr. Barnes was a Band D candidate. He had worked in upstream and had a passion for safety. TXC had a vacancy because their HSSE Manager (Joel Robbbins) left. Mr. Parus wanted to change the focus of the position to an operational viewpoint. Mr. King was running HSSE for R&M and he had to improve TXC’s overall HSSE team. He had both personal and process safety experience and Mr. Parus moved process safety under Mr. Barnes. Mr. Barnes did not have any professional training in safety.

Bill Ralph: Mr. Parus did not have a relationship with Mr. Ralph until June 2004. Prior to that, Mr. Ralph reported to a manager who reported to Mr. Hale. Mr. Ralph in the second quarter of 2004 told him that TXC was poor on follow-up on PSM action items. There was an audit done when Mr. Hale was at TXC. In May, June, or July 2004, when Hale left, all process safety audits were presented to the GRL by Mr. Ralph and others. Mr. Parus received a summary with a note that said follow-up on PSM action items. When Mr. Parus looked at the report, he did not see any “red flags” in the GRL. Mr. Parus took that note and modified the 1000 day goals to close the PSM action items. Mr. Parus also received a note from Mr. Ralph to add KPIs on the PSM, which Mr. Parus did. That was presented to Mr. Hoffman and Mr. Gower in February 2005. That was Mr. Parus’ only interaction with Mr. Ralph.

Mr. Ralph had expressed an interest in being a level E on the leadership team. Mr. Ralph was not on the leadership team because London told Mr. Parus what his model/structure was and Mr. Ralph was not included in that structure. There was no model for process safety. The Process Safety Chairman was on the leadership team and the PSM reported to the Chairman. Prior to the separation of Innovene, process safety was separate from HSSE and reported to the BUL (Mr. Hale). When the Innovene separation occurred, the Chairman and the Manager reported to him. Mr. Parus had Mr. Ralph report to Mr. Barnes until Ms. Lucas came. As Site Director, Mr. Parus received personal safety reports through HSSE. Post 2004, Mr. Parus had leadership team meetings every Monday, with a focus on a different topic. But, one Monday per month, the focus would be on safety.

FIRES

Mr. Parus did not focus on the number of fires, but rather on what caused the fires, such as leaks, spills, etc. In the second half of 2004, Mr. Parus spent most of his time on the Innovene separation.

RICK PORTER 2003 gHSSEr AUDIT

Mr. Parus had Mr. Porter conduct an audit for all of SHIS in 2003. Mr. Porter told Mr. Parus he had an issue with the docks and described it as a third world. The customers of that audit were presumably Rick Hale and Terri Harlan (Chocolate Bayou). The Chemical docks were good, but the Refinery docks were bad. Mr. Parus looked at this as a Refining issue and a BUL issue. This was not a systemic issue across all five sites. Accordingly, he left Mr. Hale to deal with this, but would support him for any resources that he needed. Mr. Parus added the KPIs to the 1000 day goals to make them TXC specific. This was communicated to London and the site. Mr. Parus found it hard to believe that Mr. Hoffman was not aware of these issues because he had site director meetings, Board pre-reads, and minutes. The VEBA audit and the gHSSEr audits were used to set KPIs for the 1000 day goals.

Mr. Parus had conversations with Mr. Porter about the docks. Mr. Porter told Mr. Parus that the leadership team had started making changes and was moving in the right direction. Mr. Parus had started an infrastructure program. Mr. Parus felt the message was good.

TELOS REPORT

The Telos Report was very important. It was the result of the May and September fatalities and Mr. Parus wanted to give a report to London. The site had an apparent safety risk issue. Mr. Parus had just learned that the site had 23 fatalities in 30 years. There was a hot water fatality, there had been a fall incident and three nitrogen incidents. So, Mr. Parus wanted to do a safety assessment at the site. Mr. Gower agreed that Mr. Parus could use Telos to conduct the study. The Telos study was done in October 2004. 1200 people responded to the study. The Telos Report was ready in January 2005. Mr. Parus was not shocked by the comments. It reinforced that there was a safety culture issue. Because the BP culture believed consultants over employees, the report helped validate to Mr. Gower and Mr. Hoffman that there were issues. Mr. Parus gave this presentation to the union. The union only recognized 11 deaths because the remaining deaths were contractors. Mr. Parus needed Telos to be a mirror to help him make the change. The one flaw in the study was that there was no timeline.

Mr. Parus tried to get the message out. He moved toward face-to-face training, full time auditors, inspectors, just culture and compliance delivery. Mr. Parus asked Telos how the workforce viewed the leadership team through a safety lens. The way Telos had done this created dissension because it got into personalities. It ended up being an indictment

of the leadership styles. That did not go as Mr. Parus had designed it to go. He was trying to get his leadership team to be more personal.

Mr. Parus presented the Telos report to Mr. Hoffman and Mr. Gower on February 15, 2005 at a hotel in downtown Houston. Mr. Parus tied in the audits, fatalities, follow-up, etc.

LONDON MEETINGS

Mr. Parus was not there for the November 24th bilateral with Mr. Manzoni. He met with Mr. Manzoni on two separate occasions regarding the two fatalities. The first meeting was cordial, but the second meeting was a hard conversation, particularly because it dealt with safety and tolerance of risk. It was a very open and frank discussion with the SET—a lot of discussion on risk tolerance and compliance and just culture. Mr. Parus did not know why he was there for the first fatality, because Mr. Hale was still the BUL. After the second visit in October 2004, Mr. Parus thought his career was over. These meetings were around compliance and personal safety. There was no dialog around budget cuts or process safety. Mr. Parus was emotional at this meeting. He portrayed to them that there was a huge cultural issue at TXC on safety. He opened up with pictures of those who died. He thought he delivered the message and believed that Mr. Manzoni and Mr. Hoffman got the message.

ACCOUNTABILITY/GOVERNANCE

Post June 2004, Mr. Parus had many conversations with Mr. Hoffman to discuss accountability issues. A lot of these issues were in connection with the chemicals separation. In February 2005, there was discussion on governance. They got rid of three plants, but still had two business units and an external BUL in Chicago. There was still a disconnect. They were trying to get that structure cleaned up to make it one business which would help clear up the governance issues. Mr. Parus felt he had three very different sets of accountabilities. Mr. Parus did not know what Mr. Hoffman's view was of his accountabilities.

Mr. Parus had four follow up sessions after the London meeting in October 2004. He had one with Mr. Gower in November 2004 about Telos in detail and received permission to use Telos. In December 2004, he had the Coleman visit and Mr. Coleman saw a marked improvement. In January 2005, Mr. King said Mr. Parus was improving. In February 2005, Mr. Hoffman and Mr. Gower gave Mr. Parus a resounding endorsement.

FEBRUARY 15, 2005 1000 DAY GOAL UPDATE (PARUS WAS SHOWN THIS DOCUMENT)

Mr. Parus was very upset that Mr. Hoffman did not make the visit to Texas City for this presentation. Some of the goals were revised as a result of the Innovene separation. Fatalities were not mentioned in this. Zero was the only acceptable tolerance for fatalities so it did not need to be measured like the other items. The unnumbered slides

were presented to Mr. Hoffman on February 15, 2005. The previous slides that Mr. Bonse referred to were from Rick Hale (SSBP). Mr. Parus was not sure he and Mr. Hale were aligned. Mr. Hale's focus was to reposition or reconfigure the site to lower capital. The heavy emphasis at the R&M conferences was reducing TXC capital costs.

Manzoni Bilateral -- Document shown to Parus – page 45--Right side—the repositioning was sponsored by London. When asked if they could shut down some units that would not require capital or not be impacted, the first and second study said “no”. That resulted in an external team conducting a deep dive.

February 15 presentation – Page 3 – Telos Summary—There were quotes in Telos that Mr. Parus was allowed to read. They put stuff in Telos to wake up the leadership team. Mr. Parus was told that safety had improved. The only slide that went to Mr. Hoffman was the first slide. Mr. Hoffman wanted a dialog, not slides.

MARCH 17 E-MAIL (PARUS WAS SHOWN THIS DOCUMENT)

Mr. Parus said that he put out a number of communications on the fatalities. He was not sure why he had not mentioned that here. Mr. Parus believed he saw a shorter version of this document at his deposition.

WHAT LED TO THE MARCH 2005 INCIDENT

Mr. Parus assumed the Mogford Report was factual. The part he was most disturbed with was compliance and procedures—failing to follow start-up procedures, especially after there had been safety audits done and safety messages from events in 2004—how could that happen. Mr. Parus was eight days away from giving a safety reality speech to the hourly employees. First line supervisors were allowed to go through videos and slides. Mr. Parus was trying to raise the status of the FLLs. It disturbed Mr. Parus after spending that much time to go from safety reality, to just culture, to compliance, and then end up at the March 23 incident, and the page was turned down. This message was given face to face to every supervisor. Non-compliance would not be tolerated. Compliance audits were being conducted. People didn't see the risk regarding the steam incident. After the COW Audit, how did people not get the message. The trailer siting issue did not come to Mr. Parus' attention. They always thought the Ultracracker TAR was the high risk. ISOM was not even a TAR, it was just down for lack of feed. Mr. Parus was amazed after all the work that had been done and in the end someone ended up not getting the message or simply ignoring the message.

ACCOUNTABILITY

Mr. Parus thinks there was accountability from the board operator right up to the top. Mr. Parus said that he was accountable. Mr. Parus said you have to look at the chain in place before and at the time, i.e., the ingredients that put the culture together. A safety culture that does not recognize risk takes time to cultivate. Ten years of decapitalization

played a role in the culture; the condition of the assets also played a role; the flux of the site played a role; no training played a role. All of this added to the culture. The trailer placement, the blowdown stacks, etc. Accountability lies in many directions.

WILLIE WILLIS (ACCOUNTABILITY)

Mr. Willis, as an MDL, did not have the first fatality under his watch—Rich Peltier did. But, Mr. Willis had the rest of the fatalities under his watch. The direction was clear on compliance. Mr. Willis' role was to reinforce what was happening from himself down to the first level leaders. Mr. Parus expected the superintendents and MDLs to reinforce compliance with procedures. It took ten years to form this and six months (6/04-12/04) to try and turn the culture around when the site was in such a state of flux.

UNION RELATIONSHIP/JUST CULTURE

TXC went to the just culture model. The union did not support just culture, but understood it. Just culture is if you did not know the procedure, why not, if yes, why didn't you use it, or did you willfully violate compliance. Mr. Parus did not know how many disciplines there were post-June 2004. There was a contractor fired on the spot for not tying off. Just culture was the best way to deal with compliance issues. The plan was to simplify the procedures, audits, compliance, then just culture. The union was mad at Mr. Parus because of the retiree medical issue and the cancellation of the new change house.

CULTURE

The ISOM Superintendents reported to Willie Willis. The supervisor that left that day—that is not how Mr. Parus grew up. Mr. Parus did not know about the lax attitude and was appalled by it. He did not find out until after the March 23 incident. Mr. Parus stated that you cannot just listen to what people say, you need to feel the pulse. Mr. Parus listened when he was out there. Mr. Parus was aware of the 12 hour shifts, but not aware of the duration of the 12 hour shifts. However, the culture was more days, more hours. Overtime was not managed by Mr. Parus. Mr. Parus did not pick up on anything on trailer sitings or that people were not following procedures. Mr. Parus spent most of his time on the Innovene separation. Mr. Willis, the Superintendent, and Ms. Lucas should have known about these issues to some extent. Mr. Parus had not heard that the ISOM unit was labeled a stepchild.

MOGFORD REPORT

Mr. Parus cannot dispute the facts of the Mogford Report, but Mr. Parus thought the report was painted through an ISOM lens. They never looked outside for help. Audits were done every Monday, but the audit process had not made it to the ISOM unit yet. The site in general was painted only through an ISOM lens. Comments could have been made on the entire site, but in order to do that, they had to go outside the ISOM unit. Mr. Parus had very little input into the report. Tim Holt interviewed Mr. Parus and it lasted

approximately 20 minutes. Mr. Holt did not know that Mr. Parus was splitting up the site (Innovene).

AUDITS

The audit process communicated a key message that the leadership team cared about safety.

QUALIFIED EMPLOYEES

Making sure that BP employees are qualified for their jobs was never debated at the leadership team meetings. Mr. Parus interpreted the ATK Report as a need for training when it discussed employees not being qualified. BP had supervisors in place to train, but they were used for everything else but training. Mr. Parus found this out after the March 23 incident. There was no indication from Mr. Willis or Telos that the West Plant was in bad shape.

REPLACING MR. SCRUGGS

Mr. Parus had a conversation with Mr. Hoffman about replacing Mr. Scruggs. Mr. Kozkinski retired and Mr. Hoffman went to London. Mr. Scruggs begrudgingly went to Carson and Mr. Parus went to TXC. Mr. Parus did not get any guidance from Mr. Kozinski or Doug Ford. Patty Bellinger and C.J. Warner handled the D&I issue. When Mr. Parus got to TXC, the outside was not painted. As the covers kept getting pulled, it revealed that TXC deferred maintenance to meet the budgets. Mr. Parus then realized if there was tropical storm, there would be a disaster at TXC.

RISK TOLERANCE/LONDON RESPONSE

After the 4 Ultraformer fire and three fatalities, Mr. Parus would have thought Mr. Hoffman, Mr. Gower and Mr. Manzoni would have sent others in to rip the covers off of TXC. There were few visits. Mr. Hoffman visited, but his visits were offsite. The reaction from London was muted.

MR. PARUS' BELIEFS TODAY

Mr. Parus felt he was on a mission impossible and that he was set up to fail given everything that was going on, i.e., change in safety culture, the flux of the organization, ring fencing, separation and procedures, and the disintegration of the star site. Mr. Parus had a 30 minute conversation with Mr. Manzoni in July 2004. Mr. Parus told Mr. Manzoni that his job was overwhelming because of everything that was going on. Mr. Manzoni said nothing. Mr. Parus regretted making that statement.

INTERVIEW CONCLUDED