

**INTERVIEW SUMMARY OF PAT KING
TAKEN ON JUNE 7, 2006
LANCASTER HOTEL
HOUSTON, TEXAS**

On June 7, 2006, the Management Accountability Team interviewed Pat King, HSSE Manager. The participating team members were Bill Bonse, Rudy Blyweert, Stephanie Moore and Jeff Heller. Mr. Bonse was the primary interviewer. The interview lasted approximately 1.5 hours. Margene Westlund took minutes of the interview and prepared the interview summary. Mr. King has not reviewed this summary.

Mr. Bonse gave the introduction that this team has been formed to look at management accountability and what lessons has BP learned from the March 23 incident.

Mr. Heller advised Mr. King that while this interview is confidential, it is not covered under the attorney/client privilege doctrine.

BACKGROUND

At the time of the merger, Mr. King was the Executive Director of the Watson Co-gen plant for about two years. After the merger, Mike Hoffman called and said that Tim Scruggs was going to offer him a job at TXC as Optimization Manager. BPSHIS had been created at that time. The goal was to draw a circle around the assets. Mr. King did an economic analysis on optimizing production. In 2003, Mr. Hoffman and Greg Coleman asked Mr. King to lead project Emerald. Mr. King did HSSE work for about 10 while at ARCO. In June 2004, Mr. King went to London for an assignment. Mr. King also went to Stanford for about six weeks and during that time the VEBA audit was done. The transformation team was formed by Don Parus to implement the VEBA audit around July 2002. Mr. Parus asked Mr. King to head up that team and to make recommendations that did not require capital expenditures. Mr. King looked at absenteeism, fraud, etc. Mr. King met with individual groups and put work plans together. There was about 20-30 million that could be saved without spending money.

PROBLEMS AT TXC

After AT Kearney and VEBA, Mr. Hoffman asked how TXC got this way. So AT Kearney went back in and looked at expenditures. They saw many reductions in many areas of spend, but the return on capital at TXC was not acceptable. They wanted to reduce the book value of assets to increase return on capital. BP says it's not about capital; it's about expense, so reduce your expenses (by 25%). Accordingly, Tim Scruggs cut costs. Mr. King believes that Mr. Parus understood there was a huge risk in managing the refinery, but did not challenge London hard enough. Mr. Parus tried to change things. There was a lot of dysfunction at the SHIS governance level. Within a year, the entire leadership team was turned over. Al Kozinski put Mr. Parus in that job and Mr. Hoffman was not happy about it.

PIPING INTEGRITY REPORT

At the end of 2001, the Piping Integrity Report came out. There had been some prior underground leaks and near disasters. Mr. Kozinski requested the review. Eight responders had to be resuscitated. The study was presented to the BPSHIS leadership team. When Scruggs was there, he didn't seem to respond to this in a significant way. Mr. King tried to push for a response. Mr. King made the presentation to Mr. Kozinski and he agreed that this should be managed as a project. Painting and inspections had come to a halt. The money would be used on certain piping issues and not on plant operations.

REPORTS

There are two AT Kearney studies. Mr. King did not see Mr. Porter's 2003 gHSSEr audit, but was aware of it. When Mr. King moved to London, he received all of the gHSSEr reports, but not before that. Mr. King saw the 2004 IA summary reports. As a precursor to that, Alvin Keith sent Roger McDaniel to do a series of compliance audits because there were some non-compliance problems with Air BP. Mr. King went to London around that time. In late 2004, Mark Eames went over the 2003 gHSSEr audit.

COMPLIANCE

Mr. King had a conversation with John Manzoni at Whiting about rules. If they are not followed, then they are useless. It was a cultural change that needed time. People got fired for theft, but there were no process rules in place. Mr. King talked about the consequences of not following safety rules. The SET had a conversation about this and Mr. Manzoni wanted to hold people accountable. In 2005, the 10 compliance indicators created by Mr. King became mandatory. The sites would be audited with minimal notification. Mr. King believed that you could change tolerance for non-compliance if people were held accountable through discipline. The level and frequency of discipline increased. The Just Culture model was adopted to moderate the disciplines. Some people, including contractors, were terminated.

HSSE ROLE

Mr. King took Alvin Keith's role as VP HSE R&M segment. There was no MOC or conversation about it. Mr. King held the VP HSE role in the R&M segment from July 2004 through January 2006. He met with various conveners to establish HSE issues and drove those issues at the SET. He engaged mostly with the SPU level. Process safety was not part of his role. Operations excellence was with Chris London.

2004 INCIDENTS/SET REACTION

The fatalities were discussed at the SET through presentations. Mr. Parus came twice to speak about fatalities. In 2001, there was the nitrogen affixation when the guy stuck his

head in a manhole. The next fatality was a contractor falling in the tower. Mr. King is not sure how that affected TXC. TXC also had a boiler feed water fatality. The person was working on a pump and no water was coming out. The employee failed to check and follow procedures. At this same time, TXC experienced the best recordable injury rates they ever had. Mr. King thought TXC actually had a handle on things. A field audit team was created. TXC was painting and repairing things. Of the three fatalities, two were personal safety fatalities. There were questions concerning whether an intervention was needed at TXC. Mr. King did not think so because he thought things were moving forward. Later, Johnny Martin and Mr. Elliott went to TXC and thought it was much worse and compared it to Grangemouth. Mr. King thought the SET was concerned as it realized there was a problem with failing to follow procedures. The SET was made aware of these things, but Mr. King does not know how they responded.

TXC 5 YEAR PLAN/CHANGES

Mr. King states that there is not a huge overlap between safety and process safety. Mr. King had meetings with SET once a month on HSSE issues. He also met with John Manzoni individually on a monthly basis. Chris London also had his own discussions on integrity management.

In Mr. King's view, he felt things were getting better at TXC. He thought some people were actually starting to understand TXC. The SET did not have operational experience so it was hard to explain TXC. Mr. Hoffman understood TXC and the cost to fix it because of his background. Conversations on fixing TXC did not occur while Mr. King was there. The five year plan is bleak. Mr. Hoffman struggled to get Mr. Manzoni to understand the business. At the same time, Sue Dio was asked to get one billion out of the TXC expenses.

Mr. King believes that Colin Maclean is the right leader. Mr. Maclean is getting the resources needed to fix TXC. If Mr. Maclean leaves, TXC will go back to the way it was. Only 1/3 of the refinery is running. There is a lot of uncertainty going forward. Some tough decisions have to be made going forward in terms of investment. The current worry is environmental. The contractor/union relations are better, but still not good enough.

One change at the segment level is that there are no more blow down stacks. Mr. King is not sure that they see this as something that could happen anywhere. There was no intensive feedback on the 2004 gHSSE summary. Mr. King did not push Mr. Hoffman hard enough. Mr. King's wife did not want him to work at TXC. Mr. King told himself that he would not compromise this time around. If it did not work this time, he would get a different job or quit.

MR. KING'S CURRENT ROLE

In Mr. King's current role, he talks to CJ Warner and John Mogford. However, he does not really interface with them. BP added 180 people to the corporate center, but a year

later, we have not added people to HSSE at TXC. Mr. King thinks Mr. Mogford understood that.

When asked how one takes a billion out of the costs, Mr. King responded that he was not sure about the process, but the corporation needs to trust the leadership team. They will need to work on the five year plan.

WILLIE WILLIS

Mr. King is a fan of Willie Willis. Mr. King did Mr. Willis' performance appraisal in 2003 when he was working on the transformation project. Mr. King has known Mr. Willis for 25 years. Mr. Willis came from Cherry Point. TXC was overwhelming, especially coming from Cherry Point. Mr. Willis started as an operator at Cherry Point and was eventually promoted to operations manager at Cherry Point. Mr. Willis is ambitious, likes to learn new tasks and has concerns for the people.

Mr. King cannot defend the dysfunction in Mr. Willis' organization, but the entire culture was dysfunctional. Mr. King has never seen anything like this before. He is not sure where you would start to change the culture.

Mr. King would have recommended Mr. Willis for the MDL job. Mr. King believes Mr. Willis was a good operator. Mr. King never saw the job posting, but knew it was arranged for Mr. Willis to go into that job. Mr. Willis is a good leader because he had worked at every level. Mr. Willis also relates well to operators. Mr. Willis also has a good relationship with the union. There were the same problems in the East plant as the West plant.

INTERVIEW CONCLUDED