



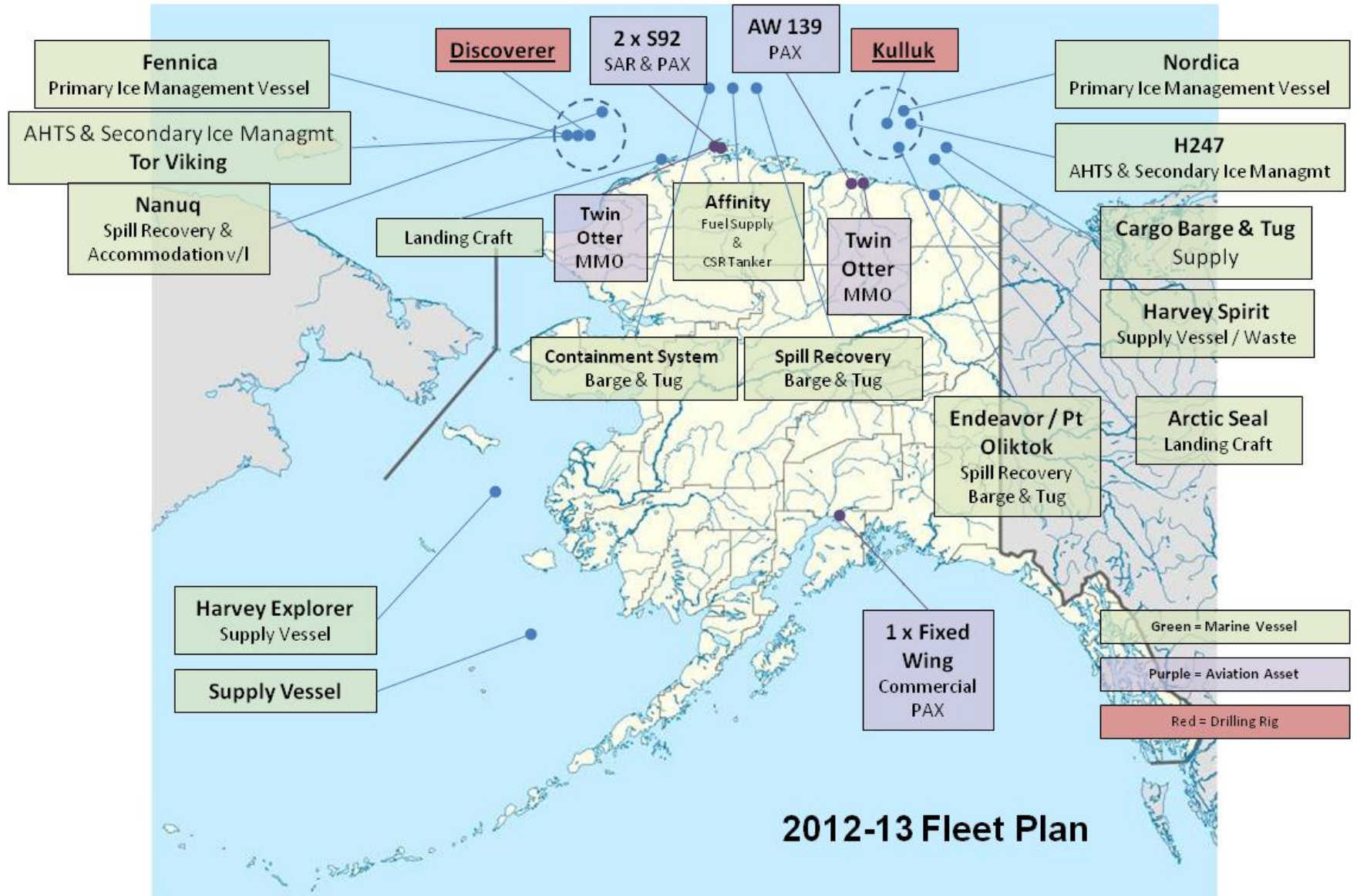
Shell Beaufort and Chukchi Sea Program Update

Brent Ross

Shell Alaska Operations Manager

September 2011

Logistics Fleet to Support 2 Drilling Rigs in 2012



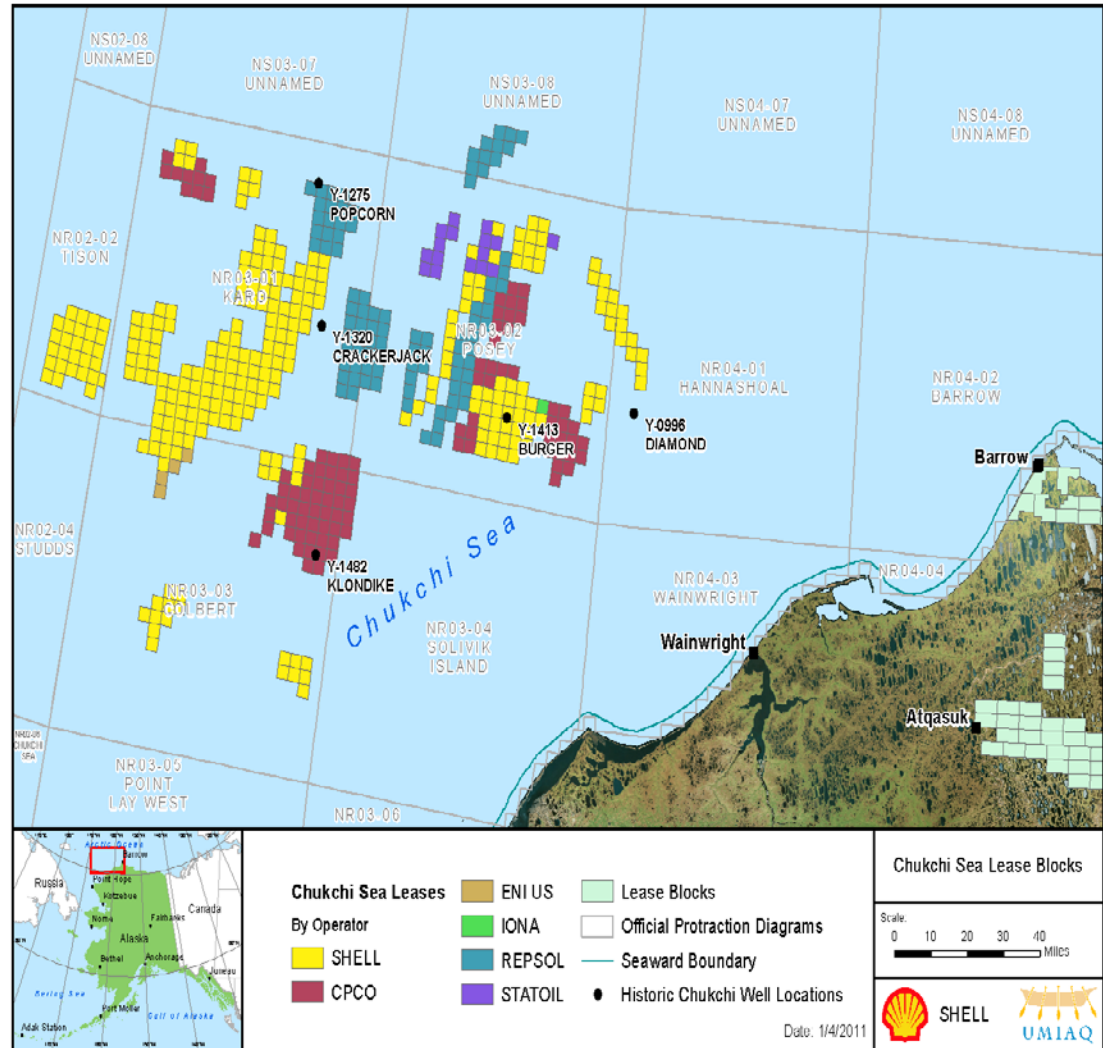
Shell's 2012 Drilling Plan

- Up to three wells in Chukchi
- Up to two wells in Beaufort
- Two drilling rigs working in parallel



Chukchi Sea: A Priority

- Chukchi acreage anchors Shell's Alaska investment
- \$2.1 billion on leases
- USGS estimates approx 18 billion barrels
- Drilling only one sea in 2012 is a non-starter



World Class Oil Spill Response (pre-Macondo)

Offshore Recovery

Subsea Containment System

OSR Vessel (OSRV) Nanuq with Skimming Vessels

Arctic Tanker

Vessel of Opportunity

Booms, Skimmers, and Pumps



Nearshore Recovery

Oil Spill Response Barge (OSRB)

Skimming Vessels

Mini Barges

Booms, Skimmers, and Pumps



Onshore Recovery

Pre-staged Equipment and Personnel

Protection Booms

Landing Craft and Utility Vessels

Skimmers



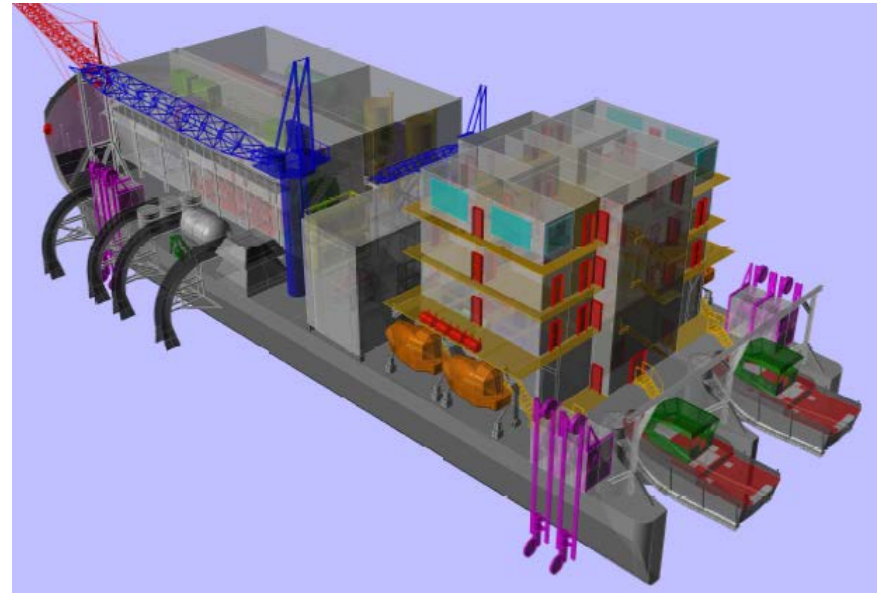
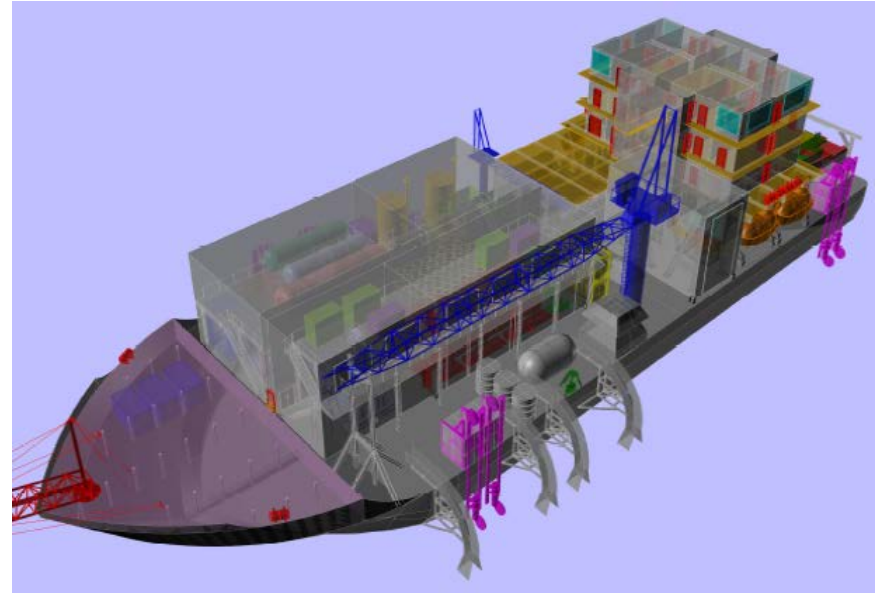
Capping System

- Shell Implements New Safety Measures Post-Macondo:
- Capping and containment system
- Enhanced BOP
- More frequent testing



Containment System

- Developing Arctic Containment System
- System provides a toolkit to capture oil for multiple potential well control scenarios
- Primary components:
 - Subsea – umbilical, well intervention connections, ROV
 - Containment vessel
 - Processing - separation equipment



Planning for Success

- Kulluk upgrades in Seattle, WA
 - \$100+ million
 - Over 400 workers
- Hull 247 in Houma, LA
 - \$150+ million
 - Over 900 workers
 - 360 X 70 feet
- Capping & Containment System
 - \$200+ million
 - Alaska Native Corporation contracts
- Arctic assets in place



Permitting Status

- July 1, 2011 - EPA delivers draft air permits for Noble Discoverer
- July 22, 2011 - EPA delivers draft air permits for Kulluk
- August 4, 2011 - BOEMRE gives conditional approval on Beaufort Sea (Camden Bay) POE
- October 3, 2011 – Record of Decision on Chukchi Lease Sale 193



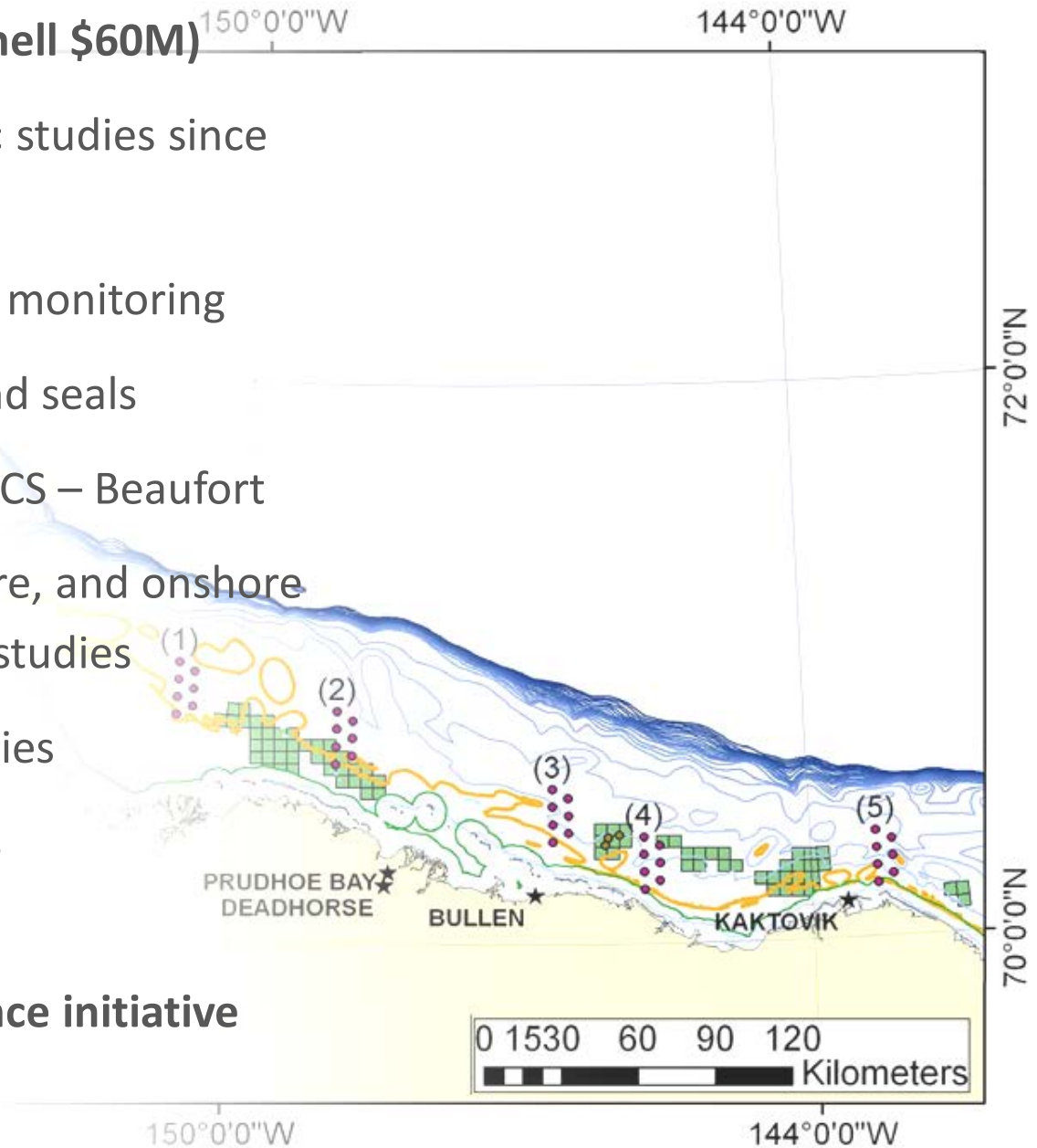
BOEMRE

Baseline Science Supports Exploration In Alaska

■ \$500 Million and growing (Shell \$60M)


- 5000 independent scientific studies since 1973
- 5 years of marine mammal monitoring
- Tagging studies – walrus and seals
- First air quality station in OCS – Beaufort
- Ongoing offshore, nearshore, and onshore ecological characterization studies
- Traditional knowledge studies
- Health impact assessments

■ Up to \$5 million annual science initiative with North Slope Borough



Materiality: The Size of the Prize

- USGS: Alaska OCS = 25 Billion Barrels of Oil
- ISER/Northern Econ: Alaska OCS = 54,000 Jobs for 50 Years
- \$145 Billion in Payroll
- \$200 Billion in Federal Treasury
- Estimated 700,000 New Barrels of Oil per day for TAPS



A CULTURE OF EXPERIENCE

POSITIVELY PREPARED

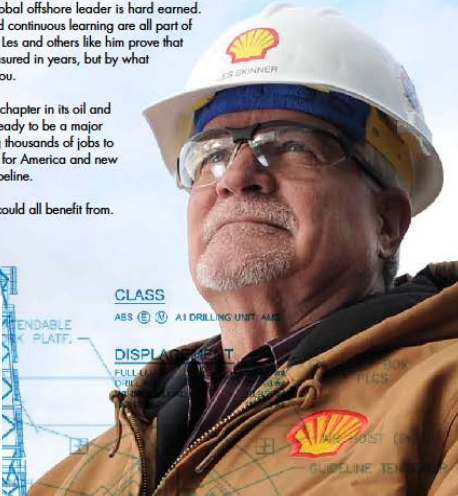
Shell has a long, proud history in Alaska – most of it as a pioneer in offshore exploration, drilling and production. In fact, **Shell has successfully drilled and produced from offshore wells across the state for decades** – in the Beaufort and Chukchi Seas in the 1980s and 1990s and for nearly 35 years in Cook Inlet – all without an incident. That experience gives us great confidence that we can do it again.

Employees like Les Skinner also inspire confidence. An oil rig roustabout when he first started out, Les is now a professional engineer with more than 45 years of oilfield experience. Today, **Les is part of our experienced team charged with designing wells and integrating well controls and relief well capabilities into Shell's Alaska exploration programs in the Chukchi and Beaufort Seas.**

Shell's reputation as a global offshore leader is hard earned. Preparation, vigilance and continuous learning are all part of responsible development. Les and others like him prove that experience is not just measured in years, but by what those years have taught you.

As Alaska writes the next chapter in its oil and gas history, Shell stands ready to be a major contributor – by providing thousands of jobs to Alaskans, energy security for America and new oil for the Trans-Alaska Pipeline.

That's an experience we could all benefit from.



The Path Forward

2012 Drilling Decision (Fall 2011)

- We remain cautiously optimistic about 2012 drilling
- Ramp-up costs significant
- Frequent “tent checks” to measure confidence
- Expect OCS opponents to become more aggressive



