Shell Beaufort and Chukchi Sea Program Update

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Chukchi Sea Leaseholders

Shell: 275 Chukchi Leases

Chukchi Sea Lease Blocks

By Operator
- SHELL
- CPCO
- ENI
- US
- IONA
- REPSOL
- STATOIL

Lease Blocks
- Official Protraction Diagrams
- Seaward Boundary
- Historic Chukchi Well Locations

Scale: 0 10 20 30 40 Miles

Date: 1/4/2011
A Familiar Frontier

- Shell operated in Alaska for 50 years until 1998
- 1st royalty Payer to State of Alaska
- Extensive experience and operations in Cook Inlet

Historical Drilling Activities
Shell’s 2012 Drilling Plan

- Up to three wells in Chukchi
- Up to two wells in Beaufort
  - Two drilling rigs working in parallel
- Plan Being Reviewed for Completeness
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
- Estimated 700,000 New Barrels of Oil for TAPS
• Hundreds of millions invested by Shell

• Purpose-built 24/7 OSR fleet

• On-site and recovering in 60 minutes

• SINTEFF study validates oil in ice technology
All-Systems Check

- Shell Implements New Safety Measures Post-Macondo:
  - Capping and containment system
  - Enhanced BOP
  - More frequent testing
Since 1973, 5000 environmental studies on Alaska OCS

$300+ Million Spent By OCS Environmental Studies Program

$100+ Million Spent By Federal Regulators/Agencies

$60+ million invested by Shell

Joint Science Agreement with NSB

USGS Report Overlooks Existing Science
Alaska Stakeholders - The Long Conversation

- Over 400 meetings with Alaska stakeholders on North Slope and in Northwest Arctic

- Shell has altered program based on feedback
  - Zero Discharge
  - Lower emissions
  - Subsistence priority
The Path Forward

2012 Drilling Decision Made Early (Fall 2011)

- Ramp-up costs significant
- Frequent “tent checks” to measure confidence
- Arrival of timely permits to be watched closely
- Administration gaining grasp of Shell timelines