



2012: The Road to Drilling



Pete Slaiby
Shell Alaska VP

November 16, 2011

2012: The Road to Drilling



NO-GO February 3, 2011: Shell Cancels Drilling Program

- EPA unable to Issue Air Discharge Permits in Time for 2011 Drilling
- 5 years and \$3.75 billion invested
- New offshore regulations unclear
- Administration silent on OCS

2012: The Road to Drilling



■ Presidential Oil Spill Commission



- Alaska OCS moratorium **“NOT JUSTIFIED”**

■ Anticipating New Policy

- Gulf oil spill brings sweeping changes to offshore industry
- Mandatory capping and containment system modeled after MWCC in GOM

2012: The Road to Drilling



■ May, 2011 President Announces OCS Part of Energy Mix

“I believe we should expand oil production in America even as we increase safety and environmental standards”

- President Obama's Weekly Address to the Nation
May 14, 2011



Summer 2011:

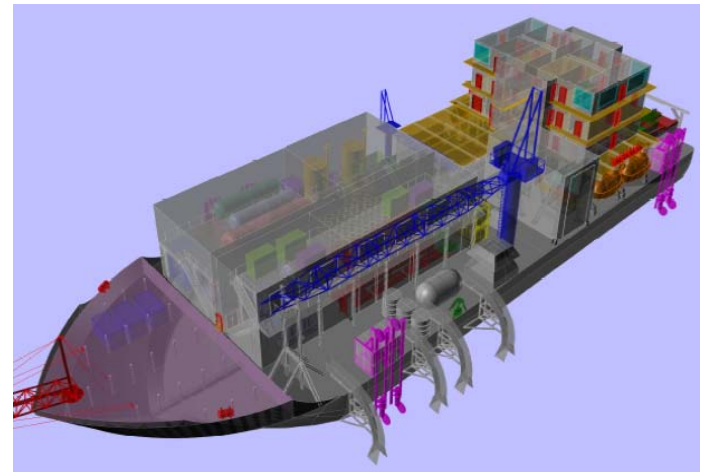
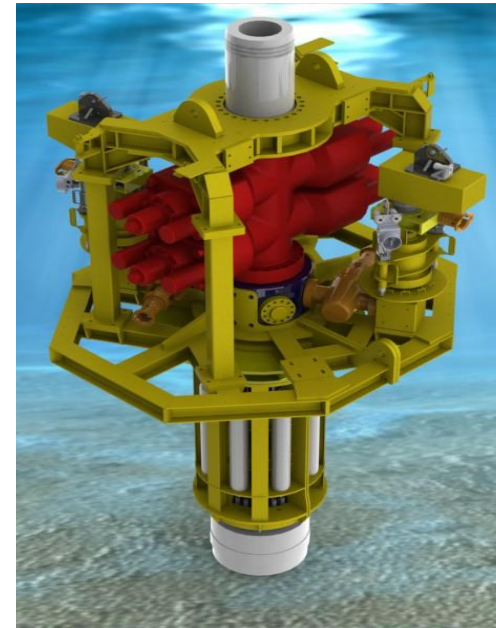
- BOEM Conditionally Approves Beaufort Sea Plan of Exploration
- EPA issues air permits for drill rigs
- Kulluk towed to Seattle for upgrades



Alaska Capping/Containment System



- Capping stack: first response in the event of uncontrolled hydrocarbon release
 - Attached by hard connection to BOP
 - These tools will be mobilized from the start of drilling
 - Deployable in adverse weather
 - Will provide coverage for both the Chukchi and Beaufort Seas
- Containment system/barge available to store/flare oil and gas on surface



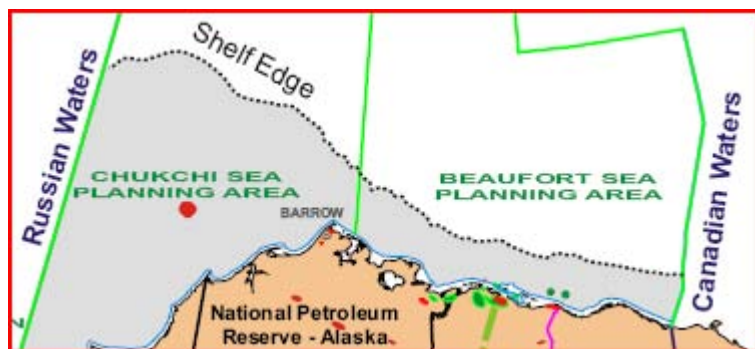
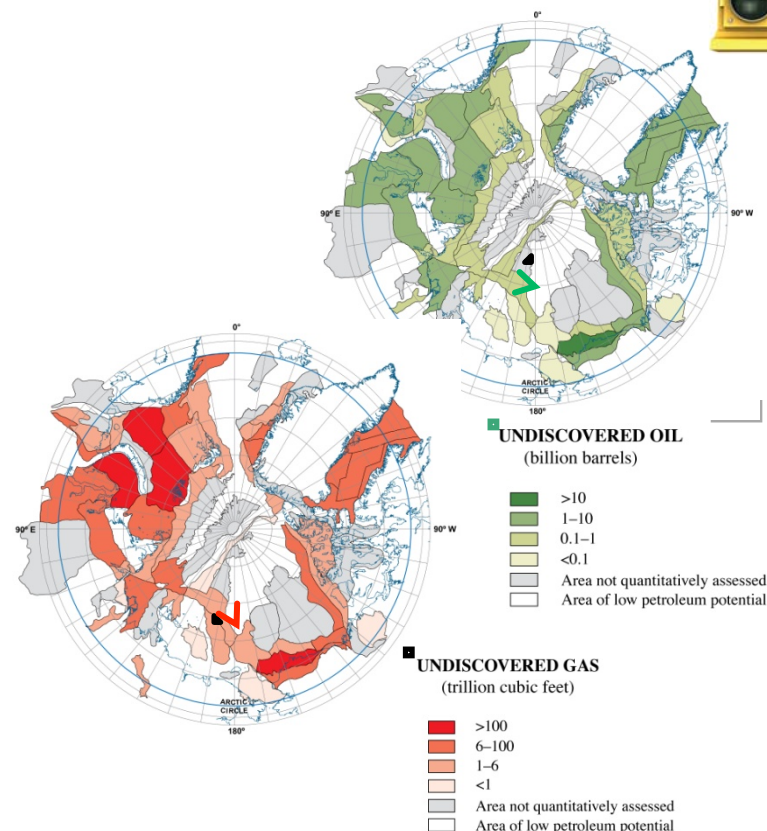
The conditions in Alaska are ideal for capping. Capping successfully contained Macondo.

Comparison of U.S. N. Alaska OCS vs. Circum Arctic Potential

USGS 2008 Circum Arctic Assessment

(fully risked undiscovered mean estimates)

Province Code	Province	Oil (MMBO)	Total Gas (BCFG)	NGL (MMBNGL)	BOE (MMBOE)
WSB	West Siberian Basin	3,659.88	651,498.56	20,328.69	132,571.66
AA	Arctic Alaska	29,960.94	221,397.60	5,904.97	72,765.52
EBB	East Barents Basin	7,406.49	317,557.97	1,422.28	61,755.10
EGR	East Greenland Rift Basins	8,902.13	86,180.06	8,121.57	31,387.04
YK	Yenisey-Khatanga Basin	5,583.74	99,964.26	2,675.15	24,919.61
AM	Amerasia Basin	9,723.58	56,891.21	541.69	19,747.14
WGEC	West Greenland-East Canada	7,274.40	51,818.16	1,152.59	17,063.35
LSS	Laptev Sea Shelf	3,115.57	32,562.84	867.16	9,409.87
NM	Norwegian Margin	1,437.29	32,281.01	504.73	7,322.19
BP	Barents Platform	2,055.51	26,218.67	278.71	6,704.00
EB	Eurasia Basin	1,342.15	19,475.43	520.26	5,108.31
NKB	North Kara Basins and Platforms	1,807.26	14,973.58	390.22	4,693.07
TPB	Timan-Pechora Basin	1,667.21	9,062.59	202.80	3,380.44
NGS	North Greenland Sheared Margin	1,349.80	10,207.24	273.09	3,324.09
LM	Lomonosov-Makarov	1,106.78	7,156.25	191.55	2,491.04
SB	Sverdrup Basin	851.11	8,596.36	191.20	2,475.04
LA	Lena-Anabar Basin	1,912.89	2,106.75	56.41	2,320.43

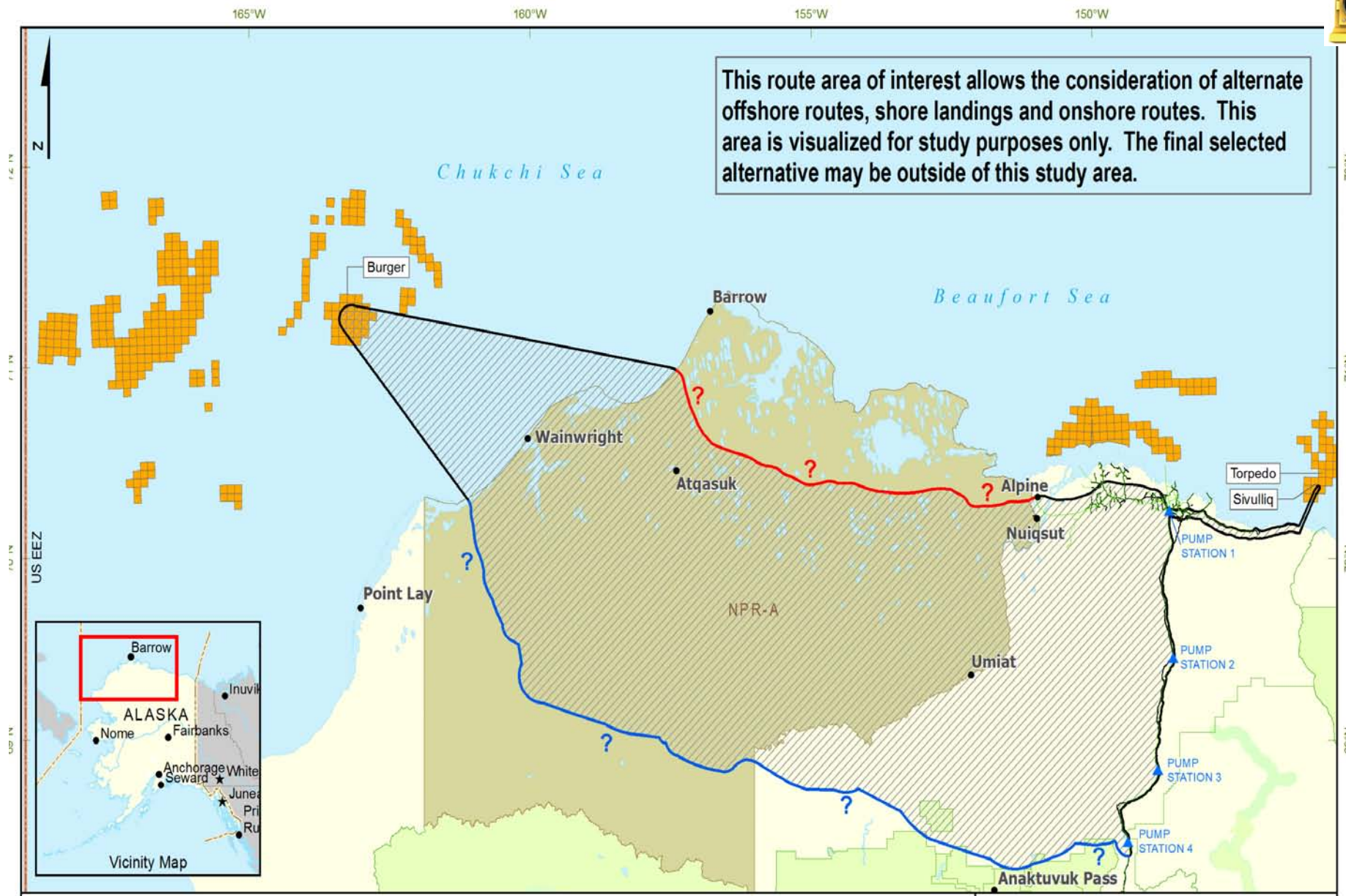


BOEMRE 2006 Alaska OCS

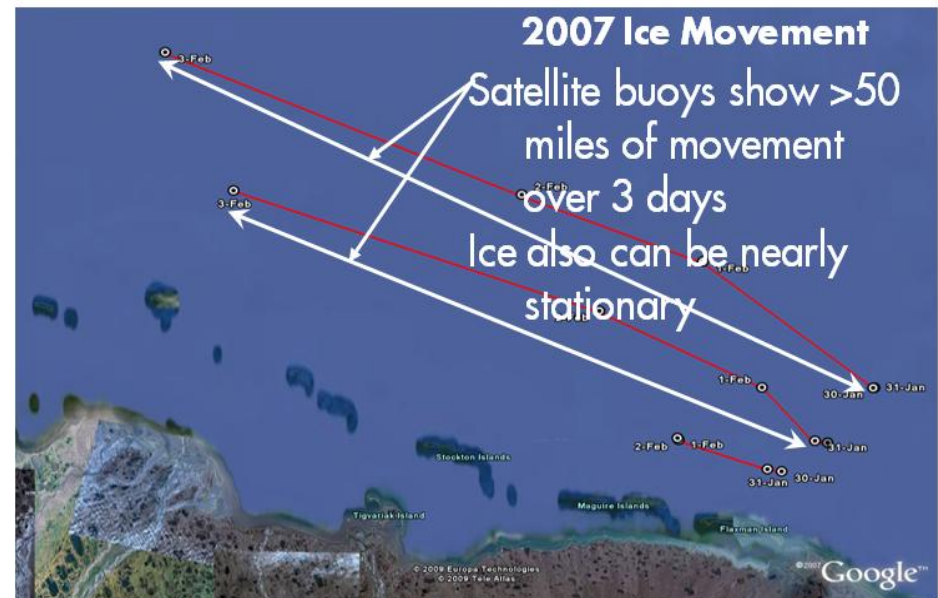
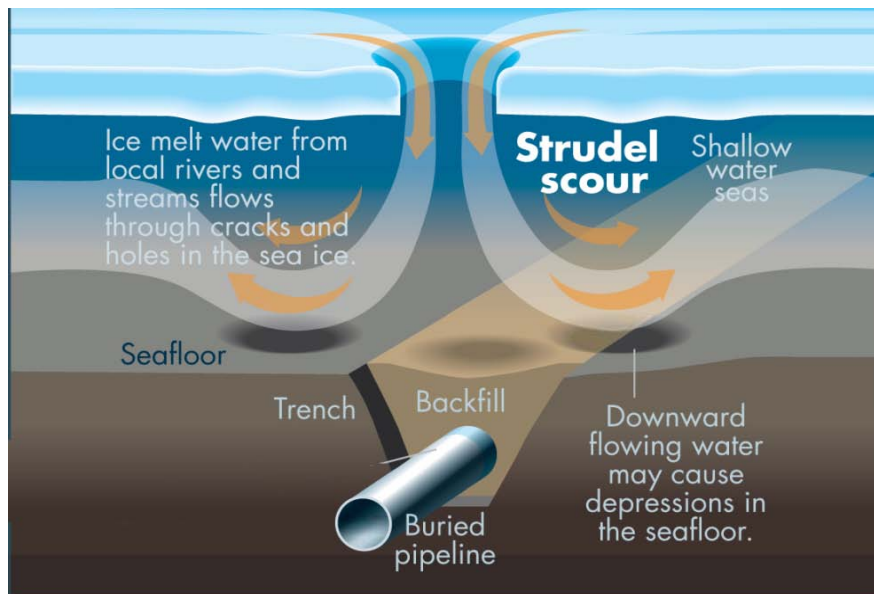
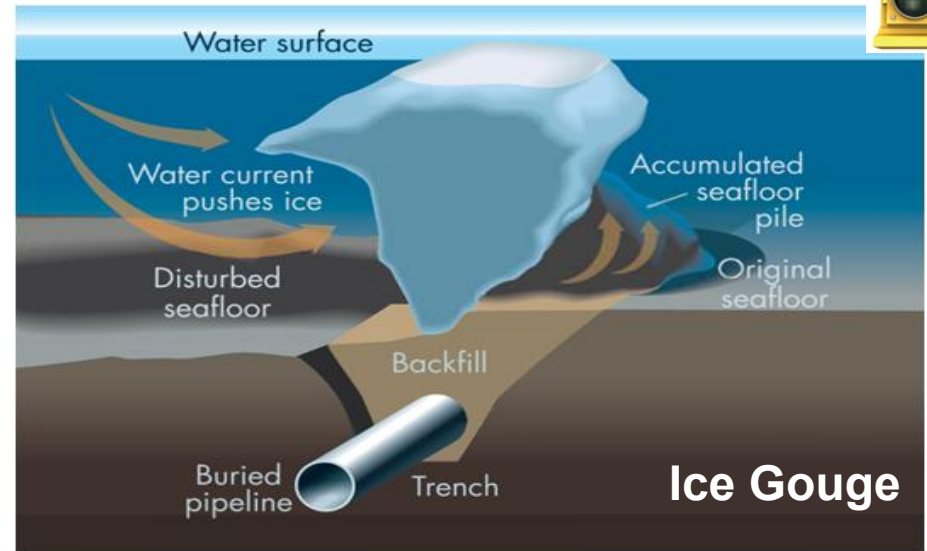
Year 2006 National Assessment - Alaska Outer Continental Shelf
RISKED, UNDISCOVERED, TECHNICALLY RECOVERABLE OIL AND GAS

AREA	OIL AND COND (BBO)			GAS (TCFG)			BOE (BBOE)		
	F95	MEAN	F05	F95	MEAN	F05	F95	MEAN	F05
CHUKCHI SHELF	2.32	15.38	40.08	10.32	76.77	209.53	4.15	29.04	77.36
BEAUFORT SHELF	0.41	8.22	23.24	0.65	27.65	72.18	0.53	13.14	36.08

Onshore Chukchi Pipeline



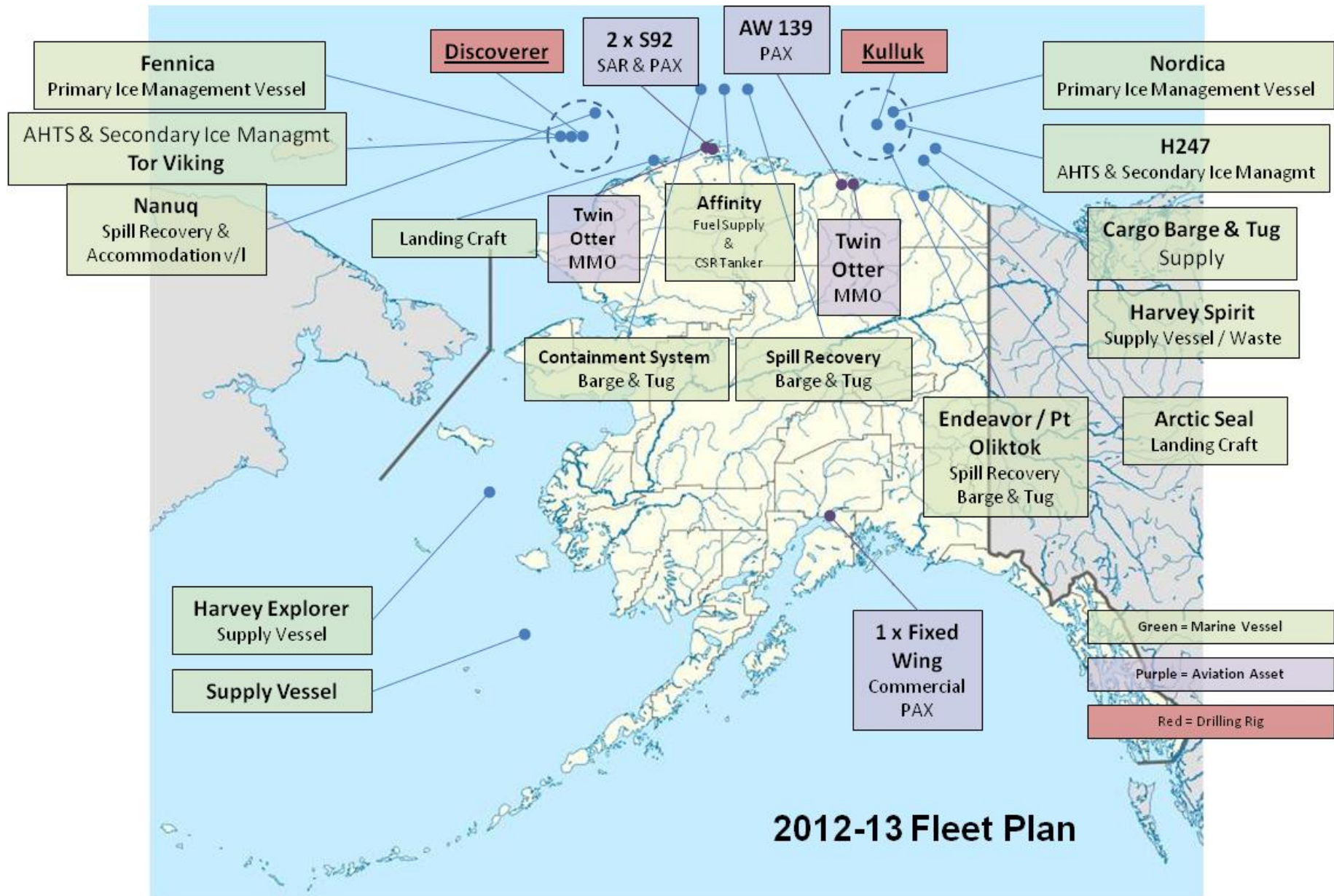
Understanding the Environment: Ice



2012: The Road to Drilling



2012: The Road to Drilling



2012 Drilling: Getting to “GO”



- DOI includes new Alaska acreage in 2012-2017 OCS Lease Plan. Positive but...
- Need timelines from DOI/BSSE with respect to Shell Contingency Plan (filed in May)
- Need approval of Chukchi Exploration Plan from DOI/BSSE (filed in May)
- Must be able to work entire open season
- Drilling in only one theatre is a non-starter
- Fingers crossed

