

THE GROUNDBIRCH GAZETTE



SHELL'S NEWSLETTER FOR NORTHEAST BC

ISSUE 9 WINTER 2015



Landowners and the CSRC enjoying lunch conversation

A TOUR TO REMEMBER

ON SEPTEMBER 8, 2014, SHELL GROUNDBIRCH HOSTED A SPECIAL TOUR FOR ROYAL DUTCH SHELL'S CORPORATE AND SOCIAL RESPONSIBILITIES COMMITTEE (CSRC).

This committee assists Shell's Board of Directors in reviewing company policies and conduct. Their primary focus is on sustainable development, health, safety, environment, the Shell Code of Conduct and major public concerns.

The goal of this tour was twofold: we wanted to engage local residents with Shell operations as well as provide an opportunity for locals to share their perceptions with the CSRC. Chad Holliday, Chairman of the CSRC, enjoyed meeting local residents at Shell Groundbirch.

"Everyone was open and shared their views without exception or hesitation. It was clear that the economic benefits (good jobs), protection of the natural environment and safety are important to both the community and staff. Great care is taken to ensure that everyone returns home safely every day. I left Groundbirch with the belief that Shell is doing a good job but we must look to doing even better tomorrow," says Mr. Holliday.

To help the committee understand local perceptions, four ranchers from Fort St. John were invited to join this tour. Johann Tietjen is one of the four local ranchers who attended. In the following excerpt, Johann shares his experience during this tour.

"As the saying goes, 'there is no such thing as a free lunch.' This short story is my payment for a free lunch. I didn't think much of it when Jenn Beebe, Shell's Groundbirch Community Liaison Officer, asked if I would be interested in taking part in a short rig tour and lunch at a camp with some Shell people from abroad. She explained that they wanted to gain insight into how Shell Groundbirch operation was perceived in our community. Whenever possible, I always attend the Rural Roots and Resources Meetings. These meetings occur every six to eight weeks and provide an update on Shell activity in our community, such as: rig drilling, technical changes, social investment and so on. This particular event seemed like a great opportunity to gain further insight into the operation, so I accepted the invitation.

On the morning of, my wife and I met three other local ranchers attending the tour, in the McLeod School parking lot. We chatted while waiting for our bus to come take us to

the camp. However, it wasn't long until we received news that our bus had broken down. A replacement bus was on the way but this meant we weren't going to make the morning rig tour. The good news? Jenn was on her way with fresh Tim Horton's coffee.

The four of us arrived at the camp before noon and entered the building. I had been in camps before, but this one really stood out by its spacious design and interior cleanliness. The dining area looked notably fancy – I bet it could compete against most top restaurants. Shortly after, a new group joined us in the dining room. They began to shake our hands and introduce themselves. Everyone seemed very nice and we chatted in small groups. We soon discovered that this group was a sub-committee of the Shell board of directors, attending this event to understand more about the Groundbirch operation.

Everyone had lots of questions for us, specifically around how Shell was perceived in the area. As the four of us are ranchers, we discussed the activities related to the gas production affecting our operations. My wife highlighted the quality of life issues.

After some casual mingling, we continued chatting over lunch. The selection, presentation and taste of the appetizers, salads and main dishes were superb. I can still taste the exquisite salmon.

The group discussion continued to gain momentum with more questions and explanations. We explained our Rural Roots Group and how this helps avoid conflicts. One of the Dutch gentlemen spoke fluent German, my mother tongue. We bonded over the topic of arriving in Fort St. John after living 100km from the Holland border. All of the board members seemed very interested in our personal lives and daily operations.

The conversation continued through the afternoon until we had to say our goodbyes. All in all, it was a nice conversation and I believe we all got something out of it. It struck me that these colleagues were extremely down-to-earth and intelligent. I hope I was able to make an impact on them. Perhaps one day, they will think back to their chat with a few ranchers from Groundbirch, reflecting on the big decisions and policy making done for Shell. The day was full of great company and conversation. I'm happy to have been a part of it."

Johann Tietjen, Rancher, Fort St. John

MONTNEY MOMENTS

AN UPDATE FROM
PHILIPPE GAUTHIER,
GENERAL MANAGER,
GROUNDBIRCH & BC



Philippe Gauthier

NATURAL GAS DEVELOPMENT REPRESENTS AN EXCITING OPPORTUNITY FOR BRITISH COLUMBIA AND FOR SHELL GROUNDBIRCH.

However, before we can explore the potential to supply natural gas to LNG operations or natural gas liquids and condensates for chemicals use, we have to earn the 'right to grow' – with our shareholders and our fence line stakeholders.

We are concentrating on our economics, our operations and our community relationships. You will not see a lot of visible growth for us in 2015 but instead a 'drill to fill' mentality that shows us really learning to work with what we have now and laying the groundwork for expansion. A great example of this was how we all worked together on a Groundbirch well pad.

Not only did we introduce the long lateral/slim hole design mentioned later in this newsletter but we also undertook the first installation of a new design for the well pad and introduced simultaneous operations with our Projects and flow Back teams. This is the kind of execution that positions us for success in 2015 and beyond.

In 2014, investors and business journalists recognized our work to address the volatility and cost competitiveness in Unconventional development. Our Groundbirch asset even made it to the cover of the Globe and Mail in a long article highlighting our 'manufacturing' mentality. On the community side, we were happy to introduce some of our neighbours to important people who help provide oversight on Shell's social responsibility throughout the world. Read more in the article, "A Tour to Remember."

Over the next few years, we will continue to focus on building a lasting future for Shell Groundbirch - which also means building strong partnership with our communities. We look forward to hearing your thoughts on how we are doing.

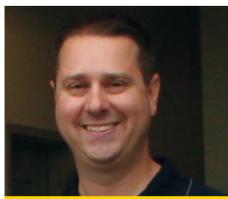
I hope you all had a safe and very enjoyable holiday season and are looking forward to more winter fun.

Philippe Gauthier



OPERATIONS UPDATE

WITH REJ TETRAULT, GROUNDBIRCH OPERATIONS MANAGER



Rej Tetrault

IT'S A NEW YEAR FOR US IN GROUNDBIRCH AND LIKE MOST PEOPLE AND ORGANIZATIONS, WE ARE THINKING ABOUT WHAT WE CAN DO TO BE THE BEST WE CAN BE.

The first area is safety. We are concentrating on our people - staff and contractors – so each feels they have the responsibility for themselves, their co-workers, the community and environment around them. It's not just about protecting 'themselves' but about creating a caring culture where we work to protect each other while protecting the environment.

The second area is community. Over the last five years, we have been working hard to build long term relationships and trust with those that live near our operations. This includes: local government, local Groundbirch community members as well as the communities where our team members live in the Peace. We know we are not always going to agree, but we

hope to always be able to sit and work through issues in a respectful manner.

Filling our existing plants and improving how we deliver gas to markets will be the third focus in 2015. As Philippe references in his article, we are 'drilling to fill' and focusing on getting this business running really well before we can grow the operation. Over the coming year, you will see two to three drilling rigs and one completion package working Groundbirch and Gundy, which is consistent with our current level of activity. Our teams are busy working on new and innovative ways to improve what will always be a marginal business to stay ahead of the competition. Our ultimate goal is building a long lasting legacy asset that we can all be proud of in Groundbirch.

We are proud to be part of this community and look forward to working together in 2015 through our community events, volunteer events, Rural Roots and Resources meetings, and our open houses. Also, feel free to call us anytime.

I hope you are all having a safe and fun winter.

Rej Tetrault

LOCAL FIRST NATION COMMUNITIES TO ATTEND INDSPIRE AWARDS

INDSPIRE IS A NATION-WIDE CHARITABLE ORGANIZATION THAT IS DEDICATED TO PROVIDING THE NECESSARY TOOLS REQUIRED FOR INDIGENOUS PEOPLES TO ACHIEVE THEIR POTENTIAL.

For over 26-years, Shell's partnership with Indspire has evolved into a 360-degree approach, focusing on investing in kindergarten to grade 12 programs, post-secondary scholarships and events that recognize Aboriginal leaders.

The Indspire Awards are held once a year to recognize Indigenous youth, leaders, professionals and communities across the country, who have demonstrated outstanding career achievement. The ceremony encourages self-esteem and pride for Indigenous communities and demonstrates excellent role models for youth.

On February 27, 2015, the Indspire Awards are being held in Calgary, Alberta. Shell is working toward bringing local First Nation communities, including youth and leaders from our Groundbirch asset, to attend this award ceremony.

To learn more about Indspire, please visit www.shell.ca/en/environment-society/society-tpkg/indspire.html or contact mindy.henyu@shell.com

KEEPING IT LOCAL – SUPPORTING FORT ST. JOHN BUSINESSES

SUPPORTING LOCAL BUSINESSES IS AN IMPORTANT INITIATIVE THAT SHELL VALUES AND STRIVES TO ACHIEVE WHENEVER POSSIBLE. UNDERSTANDING THE IMPACT, SHELL BELIEVES SUPPORTING LOCAL IS A WAY TO ENRICH OUR ECONOMY BY ENSURING RESOURCES, CAREERS AND OPPORTUNITIES STAY WITHIN OUR COMMUNITY. CHECK OUT THE FOLLOWING THREE LOCAL BUSINESSES THAT WE'RE CURRENTLY WORKING WITH.



4 EVERGREEN RESOURCES LP

4 Evergreen Resources LP is the official designated company for the Saulteau First Nations for natural resource development opportunities. 4 Evergreen Resources LP is a Civil Contractor who provides logging, clearing and clean up services within the Greater Groundbirch Asset. This company has recently grown in capacity allowing them to complete construction of well sites, access roads as well as reclamation and remediation projects.

"Shell continues to develop relationships with Aboriginal Businesses by supporting and working collectively. This means focusing on building their competitive ability as well as increasing opportunities for such businesses to participate in Shell projects.

We are also focusing on increasing the number of contracting opportunities available," says Edna Howard, Senior Aboriginal Content Advisor.

The company's efficient growth and outstanding leadership was recognized by Health Safety Environment (HSE) as they awarded 4 Evergreen the "Contractor Award – Best in Class" for 2013.



OCULUS TRANSPORT LTD.

Shell Groundbirch began working with Oculus Transport Ltd. in September of 2011. This employee owned-and-operated company is a general oilfield hauling company, that supports Shell Groundbirch operations by supplying casing, and safe and efficient transfers of fluids and frac water.

"Oculus Transport Ltd. is an organization that places high value on the safety and dependability of services on every level. We believe it is critical to develop genuine, mutually beneficial relationships with our customers, employees and the community we are operating in. The organization strives to be a leader in the oilfield logistics industry, and is committed to operating at the highest standards of safety and environmental stewardship," says Oculus Branch Manager, Shane Kilback.

The company also specializes in the logistics and transportation of pipe hauling, pipe storage, nitrogen transport, enviro-dump, fluid hauling and tank farm storage facilities. The company began operating in July 2011 and completes the majority of its operations in Fort St. John.

"The values of Shell and their operations align with those of Oculus, and we value the opportunity to work with an organization that holds their standards among the highest in the industry," says Kilback.



PC OILFIELD SUPPLIES

PC Oilfield Supplies provides supporting services to road and lease construction. Shell has been successfully working with this local business since 2009. With its head office in Dawson's Creek, PC Oilfield Supplies has been serving the Peace Region area since 2003. By combining expertise with experience, PC Oilfield provides Shell Groundbirch with erosion control, culverts, seeding, weed control, liners and fencing – all of which helps keep our operations environmentally friendly and safe.

"Under strong management, PC Oilfield has built a solid reputation around commitment to quality, safety, and service to the Peace Region area," says Allan Armstrong, General Manager of PC Oilfield.

PC Oilfield brings quality labour and supplies as well as provides local residents, including youth, the opportunity and training to get involved in the oil and gas sector.

"Having been with us from almost the beginning, PC Oilfield has consistently provided the services we require. They fill the gaps, helping us ensure that roads and leases are built on time, on budget and within regulatory requirements," says Darnell Sedlar, Superintendent of Canada Civil Earthworks.



THE FUTURE FORWARD: GROUNDBIRCH'S SLIM LONG LATERAL

THE SHELL GROUNDBIRCH WELL DELIVERY TEAM IS RECOGNIZED FOR ACHIEVING ONE OF THE LONGEST MONOBORE LATERAL WELLS – WHERE THE PRODUCTION HOLE DIAMETER REMAINS CONSISTENT FROM THE RESERVOIR TO SURFACE – IN THE HISTORY OF THE UPSTREAM AMERICAS UNCONVENTIONALS BUSINESS.

This state-of-the-art well design, also called a slimhole, has been drilled using a slew of innovative technologies. First, a rotary steerable system is used to drill the lateral well. Once drilled, the casing is floated into place using air that had been locked into the horizontal portion of the casing. This reduces friction, allowing the casing to move forward more easily than it could if filled with drilling mud.

Due to the success of this slimhole design, Shell has recently added two brand new Precision Drilling rigs to its operations in Groundbirch, as well as operating the Akita 45 for work during the next few months in Gundy.

"These new Precision Drilling rigs are both Super Triple 1500's, which have automation and safety systems as standard features. In addition to the automation, these rigs provide high mast capacity, power and pump output to allow us to drill long laterals," says Candace Curtis, Wells Field Superintendent.

In the field, the feedback from working with this new technology has been very positive. The new equipment has worked as expected, with minimal to no downtime on start-up and is currently producing great first results.

Learn fast, share fast

Speed, competitiveness and predictability are keys to success in a business that continues to see exponential growth around the world. By implementing a 'learn fast, share fast' approach to technology, we can ensure that we are constantly using the most innovative technologies across the entire Unconventionals portfolio.

"By applying the learnings from the slimhole project drilled in 2013, we continuously focus on limiting complexity and unnecessary cost by keeping the well design basic. We engaged all our stakeholders to ensure appropriate delivery and continuous performance improvement. The long lateral wells provided an opportunity to increase production while keeping cost low," says Nino Suarez, Wells Engineer.

To date, Shell Groundbirch has drilled nine long lateral wells, with five wells completed as of January 2015. The team is currently drilling a seven well slimhole long lateral pad.

"We are excited to be leaders within Shell Unconventionals and have shared our long lateral learnings with several different assets. We are confident that our learnings can be applied to other regions and look forward to continued ongoing collaboration," says Kathryn Bateman, Wells Engineer.

Standardizing innovation across our portfolio will allow us the opportunity to manufacture customized technologies, giving us an edge against our competitors.

"Shell offers us a great opportunity to be successful.



The new Precision Drilling rig

We are provided with the resources we need to meet our business objectives. A lot of the crews appreciate Shell's commitment to safety, a consistent work schedule and fantastic living accommodations. It helps us keep our workers, which means we keep our learnings," says Curtis.

The Groundbirch team looks forward to continuing successful operations by ensuring safe, practical and efficient practices remain our primary focus.

SHELL SOUL SISTERS

JENNIFER BEEBE AND MINDY HENYU FIRST MET IN 1998 AS NORTHERN LIGHTS COLLEGE STUDENT EXECUTIVES.

The following year, the pair began working for the Oil and Gas Commission and have been unintentionally mirroring footsteps since. Fast forward to now: Jenn and Mindy are Shell Groundbirch's Community Liaison Officers.



JENNIFER BEEBE

Jenn knows Fort St. John like the back of her hand. As a born-and-raised local, Jenn has always considered Fort St. John her home. Venturing to Kamloops B.C. to attend

college for two years, Jenn soon returned back to the wide-open spaces, big skies, river valleys and of course – her family. The following September, Jenn enrolled in the Northern Lights College to complete a Business Administration program.

Jenn worked for the Oil and Gas Commission for 13 years in numerous departments, including the file room, communications and Aboriginal relations. In April 2012, Jenn joined the Shell Groundbirch team. She started as a Public Consultation Specialist and has since taken on additional responsibilities as a Community Liaison Officer.

When asked about her new role, Jenn says, "I love my role with Shell because of the people I work with in

the office and the people I'm meeting out in the community. As a company, Shell is very supportive of our community relationships so I believe that things I do, or Shell does as a company, actually makes a difference to the communities where we work."

Friendly, thoughtful and supportive; Jenn thrives off building and nurturing relationships. When asked what she enjoys most about her job, Jenn says,

"I really like to work with people. I could never see myself in a technical role, dealing with numbers or equipment all day. I try my hardest to keep our stakeholders informed of Shell's plans and operations which may affect them. I ensure I am available for any concerns or questions they may have."

Outside the office, Jenn and her fiancé enjoy their time keeping up with her two active boys. From cheering them on during a hockey game, to waving them by while racing stock cars – her boys keep her on her toes and she wouldn't have it any other way.



MINDY HENYU

Mindy Henryu is a local gem. With both Tahltan and Cree ancestry, Mindy has deep First Nation roots embedded in the Fort St. John community. Caring, passionate and enthusiastic, Mindy is

Shell Canada Groundbirch's Aboriginal Community Liaison Officer. She describes herself as an extrovert that loves to chat.

Mindy has an impressive educational background, graduating from three different institutions: the Office Administrator program at Northern Lights College; the Life Skills coaching program at North East Aboriginal Advancement Society (NEAS); and the Project Management program at Northern Alberta Institute of Technology (NAIT). Lifelong learning and continual self-improvement provides the framework for Mindy's positive outlook on life.

Mindy began her role with Shell Canada in 2012. When asked what she loves about her job, Mindy says,

"I enjoy interacting with our local community and being able to assist them in making their initiatives come to life. To hear what their issues are, then take that back to the business and help the business consider what's important to the Nations when making their business decisions, is so rewarding." Mindy continues, "I'm proud to work for Shell because of this exact reason, our business listens to what I have to say – which is what the communities say as well."

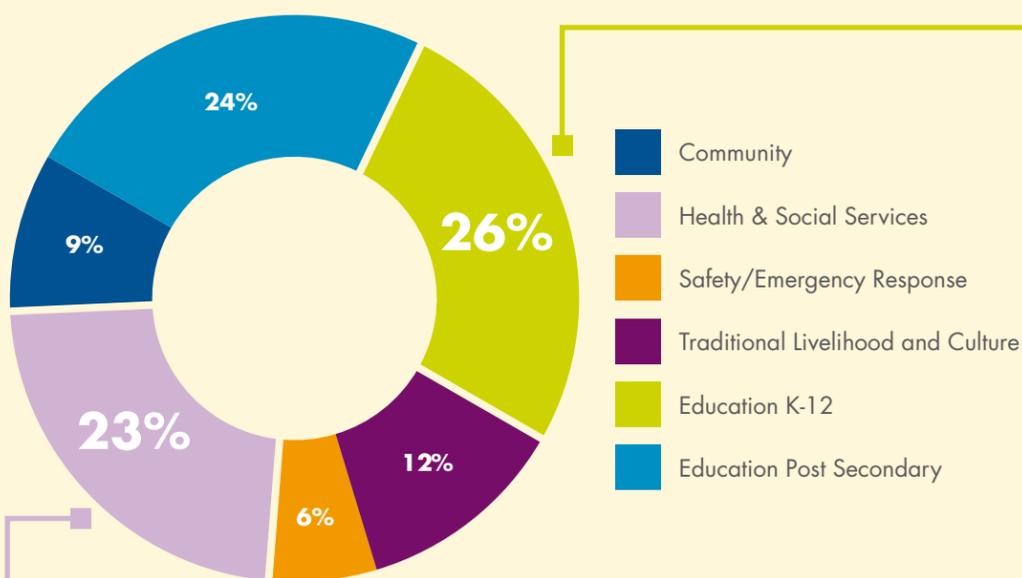
Outside of work, Mindy shares her joy with three beautiful children. "I love travelling, I love camping with my family and I love riding my motorcycle. One trip I really enjoyed this summer was visiting Montreal. This was an opportunity to experience their culture, including old parts of Montreal. I was able to enjoy amazing foods, meet great people and drive through other First Nation communities," says Mindy.



PROUD TO SUPPORT THE COMMUNITY

IN 2014, SHELL INVESTED OVER **\$1.1 MILLION** INTO VARIOUS NON-PROFIT ORGANIZATIONS IN THE PEACE RIVER REGIONAL DISTRICT. BY WORKING TOGETHER WITH PEOPLE CLOSE TO OUR OPERATIONS, WE HOPE TO HELP ADDRESS THEIR CONCERNS AND UNDERSTAND WHERE SUPPORT IS NEEDED.

A SUMMARY OF SHELL'S 2014 PEACE RIVER REGIONAL DISTRICT SOCIAL INVESTMENTS



EDUCATION K-12 BUILDING A SOLID FOUNDATION

Did you know that only one in 85 British Columbia high school graduates enter construction trades within one year of graduating? According to Government statistics, the province hopes that number jumps to one in five, in order to match predicted demand. Project Shop Class and the Construction Foundation of BC have joined forces to address this challenge, aiming to raise awareness around the skilled trade opportunities available to our local youth populations.

By focusing on the development of practical skills as well as providing information and background on the industry itself, Project Shop Class hopes to narrow the industry employment gap. This year, Shell joined the movement by providing an \$80,000 investment to the Project Shop Class initiative, resulting in the expansion of shop class equipment in secondary schools in Dawson Creek and Fort St. John.

With ever-tightening budgets, many school districts have not been able to fund costly shop equipment. As a result, shop classes across BC have received no significant upgrades since the 1960's. Over the long term, Project Shop Class will focus on providing local youth, particularly in rural areas, the chance to learn and engage in skilled trade opportunities.



Northern Opportunities

HEALTH & SOCIAL SERVICES SENIORS BUS GAINS MOMENTUM

Northern Health is dedicated to working with its community, focusing on enhancing patient care throughout the Peace River Regional District. One particular program that has seen great success is the Rotary Manor Seniors' Bus in Dawson Creek. As part of the Day Away Program, this bus service offers Rotary Manor residents transportation to and from social activities around the community.

Currently averaging a weekly attendance of 100-175 people, this transportation service has an important role in the community. The program's current bus was at the end of its life, needing to be replaced in order for the program to continue running. Understanding the program's significance, Shell invested \$75,000 into Northern Health to assist with purchasing the new bus. This new bus arrived ready to service residents on September 8, 2014. "The Rotary Manor Seniors' Bus helps transport residents to various events in the community that would otherwise be difficult for them to attend without this service," said Jaret Clay, Northern Health South Peace health services administrator. "We're extremely thankful to Shell Canada for this donation."

We look forward to celebrating the ongoing success of this program, contributing to an improved quality of life for our elder citizens in the Dawson Creek community.



Step-up & Ride

THE GROUNDBIRCH GAZETTE - SHELL'S NEWSLETTER FOR NORTHEAST B.C.

THE GROUNDBIRCH GAZETTE IS A BIENNIAL NEWSLETTER FEATURING SHELL STORIES FROM THE GROUNDBIRCH AREA. IF YOU HAVE ANY QUESTIONS, COMMENTS AND/OR IDEAS FOR STORIES, PLEASE CONTACT LOCAL COMMUNITY AFFAIRS AT **1-888-384-6465**