

THE GROUNDBIRCH GAZETTE



SHELL'S NEWSLETTER FOR NORTHEAST BC

ISSUE 7 FALL 2013



Frank George

MONTNEY MOMENTS

**AN UPDATE FROM FRANK GEORGE,
GENERAL MANAGER GROUNDBIRCH & BC**

WHEN ROYAL DUTCH SHELL ANNOUNCED ITS SECOND QUARTER RESULTS IN AUGUST OF THIS YEAR, WE NOTED WE ARE WORKING HARD TO FOCUS AND STRENGTHEN OUR ONSHORE TIGHT AND SHALE OIL AND GAS PORTFOLIO IN NORTH AMERICA.

Portfolio review is an ongoing process within Shell to make sure we have the right mix of assets to deliver maximum value to our shareholders and deliver on our business strategy. For Shell in the Montney Basin, the portfolio and strategy remain basically unchanged as we further progress our dry gas options in the Groundbirch field and explore and develop additional areas for liquids-rich shale (wet gas) in the Attachie and Gundy fields.

However, we are operating in a very difficult business environment with continuing low gas prices. We need to be selective and careful with our growth/expansion investments over the coming period while holding the longer term vision of helping to supply the LNG Canada project. This requires many efforts, on many fronts, to ensure we are the best, low cost developer and operator while continuing our commitment to safety and to our communities.

Of course, our activity levels are dependent on our ability to perform safely and cost effectively with good well results and are also affected by gas prices and

corporate priorities for capital investment. We have made some excellent progress in the wells area; earlier this summer, we drilled the longest lateral well in Shell's Upstream Americas Onshore business that could be a game changer in field development.

Our Completions group followed this up by averaging over seven fractures per day at one site. Within the first 24 hours, the team completed nine fractures, all while working incident free. This is the kind of performance that will drive this business forward, not just in cost but in reducing our footprint.

While we believe we have the right team and partners on hand to deliver, we are also keenly aware of the need to maintain and grow our community trust and support. Rej and his team have done much to establish Shell as an operator of choice in this area and we look forward to continuing that effort.

Regards,
Frank

WHAT DOES SHELL'S OWN DAYNA MANNING HAVE IN COMMON WITH STAR TREK'S WILLIAM SHATNER AND CANADA'S NEW FIVE DOLLAR BILL? SPACE.

No, Dayna didn't journey to outer space. But she did get a chance to chat with astronaut (and fellow Canadian musician) Chris Hadfield while he was the commander of the International Space Station.

The central rig administrator (CRA) works at Shell Groundbirch. When she isn't supporting the rig activity at site, Dayna is playing her guitar, working on song lyrics and, a few months ago, preparing for conversations with Canadians in space.

Dayna is a member of Trent Severn, a band known best for its Canadiana sound based in folk, roots and old country. Comprised of Dayna and her fellow bandmates Emm Gryner and Laura C. Bates, the trio named themselves after a waterway system in southern Ontario, which was once the home of all three musicians. Trent Severn released their self-titled debut album last November.

The album must have made a good impression on Commander Hadfield; in late February, Hadfield emailed the group, inquiring if he could call in mid-set during their sold out show in Goderich, Ontario. On March 15, a shocked audience heard the voice of the Canadian astronaut as he and Dayna shared some friendly banter from the Earth's surface to the space station. Before ending the call, the band played "Truscott", Hadfield's favourite song from the album.

Trent Severn joined the ranks of Star Trek's William Shatner and Canada's new five dollar bill. Early in May, Hadfield unveiled Canada's space-themed five dollar bill. Later in the month, the original Captain James T. Kirk chatted with the real-life astronaut.

"I'll never forget that moment," says Dayna of her conversation with Hadfield.



Dayna Manning (left) with Chris Hadfield and bandmates Laura C. Bates (middle) and Emm Gryner (right)

Trent Severn has had a few other unforgettable moments this summer. The band performed in Ottawa as part of the National Capitol Commission's official Canada Day celebrations. In fact, the trio led Parliament Hill in the singing of "Oh Canada". Later that day, Dayna, Laura and Emm performed "Space Oddity" with Chris Hadfield, the David Bowie song Canada's first ISS commander performed on the International Space Station in May. Dayna was thrilled to meet him face-to-face – on the ground, this time.

CHATting WITH CHRIS HADFIELD

Watch the full Earth-to-space conversation between Shell's own Dayna Manning and ISS Commander Chris Hadfield at www.trentsevernband.ca/videos.

OPERATIONS UPDATE

WITH REJ TETRAULT



Rej Tetrault

AS ALWAYS, I WILL START WITH SAFETY. SAFETY IS, AND WILL ALWAYS BE, MY NUMBER ONE PRIORITY – KEEPING YOU, MY TEAM AND OUR ASSETS SAFE.

We have made some big changes these past few years to establish our culture of "Goal Zero" and received positive feedback from the community. However, we still have work to do. I can say this because we continue to see people getting hurt while on the job. We continue to see first aids, medical treatment and near misses in our business.

We all need to remind ourselves daily "why it is that we want to come home safe today". When I ask the question, I always get heartfelt answers that our team members want to get home safely to their partner and their kids. To remind ourselves we have created signs at our facilities of "Why Goal Zero is Important to Me" personalized with pictures of our partners, kids and friends. I encourage you, if you do see these signs, to ask us why Goal Zero is important.

As Frank mentioned in his article, natural gas prices continue to be low, which has been driving reduced activity levels in the field. However, we still have four rigs drilling, one completion package busy working new wells and a service rig abandoning wells throughout the field.

It has also been a busy summer and going to be a busy fall for our Operations team members. We have completed two turnarounds and the commissioning and start up of the Saturn 1 gas plant – a big milestone for our business this year.

As you will read later in this newsletter, we raised well over \$50,000 for the United Way at our United Way golf tournament in June. This is nearly double the total we raised in 2012.

A big thanks to all the corporate sponsors, individual contributors and volunteers that made it happen. We also held our annual United Way fire truck pulls in September. The money we raised stays in this community and is critical for local charities and organizations that rely on support to run their programs. In 2012, our Shell team delivered the largest contribution to the United Way Northern BC and we aim to achieve the same again this year.

I hope you all had a safe and happy summer. I look forward to seeing you at our open house in Groundbirch on October 22.

Sincerely,
Rej



MEET SHELL'S GROUNDBIRCH TEAM: THE HORSE EDITION

RAYEL COOPER



Growing up on a farm near Dawson Creek, Rayel Cooper always had a passion for horses. The field operator at Shell Groundbirch got her first horse, Swinger, when she was five and quickly learned that having a horse was hard work.

"When I was 16, I knew I wanted a good-paying job because I had a list of things I wanted: a truck, a snowmobile and, of course, a horse trailer," says Rayel. Realizing that trade work would be a great way to support her hobbies, Rayel enrolled in the Northern Opportunities dual credit program.

The program allows high school students to obtain college credits and trade certifications while completing high school. For 10 years, Northern Opportunities has served as a bridge to connect the school districts of Fort Nelson and Peace River with Northern Lights College, First Nations and industry.

After four and a half months at Northern Lights College in Fort St. John, Rayel graduated with a diploma in oil and gas field operations. Three days after turning 18, she accepted a job with Shell Groundbirch.

"It was intimidating at first, especially being so much younger than everyone else I worked with," says Rayel. "But it's been a great experience and very rewarding."

At 20 years old, Rayel's hard work is already paying off. She recently purchased a Chevy half ton truck, with a six inch lift and snazzy pink custom rims. But her new ride will never replace Swinger, now 27.

"Shell is a company that has allowed me to grow and provides great job opportunities that support my lifestyle. I'm very thankful for the high school and the college for providing us with the dual credit program because without it, I wouldn't be where I am today."

DARCY SNIDER



Ever wonder who starts up the wells at Shell Groundbirch? Who takes all the well readings? Who ensures they operate safely? That would be Darcy Snider, team lead of the Flow Back group.

Coordinating a big team, with so many critical responsibilities, over the large area that is the Shell Groundbirch field, can be challenging at times.

But Darcy is no stranger to coordination and team work, having competed in Team Roping events for over 13 years.

Team roping is a rodeo event where two mounted riders work together to rope a steer; one rider ropes the front of the steer, while the second rider ropes the steer's hind legs. Coordination and team work between the two riders is critical, as penalties are added to your end time for errors like the rider leaving the start area too early or only roping one leg of the steer.

"Roping is like taking the perfect golf swing," says Darcy. "All the little elements have to come together: you can't break the barrier, you have to get your timing right, keep the horse in position and get that rope under the steer's feet perfectly. The difference is that in roping, you're doing it at 40 kilometers an hour with another person and two independently-minded animals."

Darcy's wife and 13 year-old daughter also show their horses competitively. "Years ago, we used to watch the team ropers practice at the arena by our house, and I said to myself 'I can do that.' It took a lot of practice, but just like working in the field, anything can be solved with coordination and good communication."

LOCAL CONTRACTORS RECOGNIZED FOR OUTSTANDING SAFETY PERFORMANCE

Contractors play a vital role in achieving Shell's business goals and are often at the front line of safety exposure. Improving our safety performance requires a close collaboration between Shell leadership and our contractors, as well as coaching on safety compliance and discipline and providing recognition when safety excellence is demonstrated.

In an effort to share this recognition and showcase contractors that lead by example, Shell Projects & Technology (P&T) Onshore Americas developed the annual Continuous Health, Safety and Environment (HSE) Excellence awards.

The Continuous HSE Excellence awards are given to contractors who demonstrate consistent, noteworthy levels of HSE excellence in any of these categories:

- Goal Zero – Best in Class
- 4 Pillars – Best in Class
- HSE Integration – Best in Class
- Safe Neighbour – Best in Class

On May 27, P&T Director Matthias Bichsel announced the winners of the Continuous HSE Excellence awards at Shell Groundbirch.

HSE Integration – Best in Class V.E. Brandt Ltd.

Goal Zero – Best in Class D&D Insulators Ltd.

Four Pillars – Best in Class Front Line Integrated Services Ltd.

Congratulations to our local winners and thank you for your commitment to safety as we strive to meet Goal Zero.

SHELL GROUNDBIRCH CELEBRATES THE COMPLETION OF SATURN 1

Tuesday, September 3 marked the official completion of construction at Shell Groundbirch's new Saturn 1 Gas Plant.

The event was celebrated with a ribbon-cutting and plant tour and was attended by members of Shell's Projects and Technologies (P&T) group who were responsible for design and construction of the plant, as well as members of the Groundbirch Operations team who will oversee the day-to-day running of the plant.

The new gas plant will add another 200 million cubic feet of gas per day to Groundbirch's overall processing capacity. It is the first of three gas plants Shell has planned for the area.

"At peak construction, we had over 600 employees and contractors on site," says Paul Pickering, Manager of Onshore Gas Projects. "But I would estimate that over 4,000 people have worked on this plant with the inclusion of all the contractors and sub contractors, as well as members of Shell's engineering, operations, construction and safety teams."

Despite the substantial number of people working on the project, it achieved 126 days at Goal Zero from April to August 2013 when construction was completed. That's over 1.5 million man hours achieved with no serious injuries.

Once the plant is fully operational, it will continue to generate jobs. Twenty full-time plant operators and trades people have been hired, all locally. The plant will also employ 10 to 20 contractors, who will be working daily to perform optimization and maintenance duties.

"Here's to 50 years of safe, profitable production," said Rej Tetrault, Operations Manager for Groundbirch, as Saturn 1 team member, Ryan McLachlan, cut the ribbon, officially signaling the handover from P&T to Operations. "Operations will continue to build on the Finish Strong Campaign as we work through commissioning and start up of the plant."



Rej Tetrault leads a tour of the newly completed Saturn 1 Gas Plant.



PROUD TO SUPPORT THE COMMUNITY

SHELL'S COMMUNITY SERVICE FUND HELPS ASPIRING HOCKEY PLAYERS LOOK AND FEEL MORE LIKE THE PROS

To professional hockey fans, Darin Wood is known best as Dody Wood. Left winger for the San Jose Sharks in the late 1990s, "Dody" also played for several professional teams in the International and American hockey leagues (IHL and AHL).

Now that he's retired from professional hockey, the Shell Groundbirch operator just goes by Darin. His passion for the game, though, never faded. These days, Darin gets his hockey fix as coach for the Three Nations Ventures Midget Giants, a community hockey team in Chetwynd.

"Coaching is a relaxing time and lets me share my experience and skills with 15- and 16-year olds in my community," says Darin.

When his team needed better equipment, Darin applied for a Community Service Fund grant. For more than 30 years, Shell's Community Service Fund has provided financial support to not-for-profit organizations where Shell employees and retirees regularly volunteer. In April, Darin's application was approved.

The grant went towards purchasing practice jerseys, chalkboards, pylons and other hockey equipment for the team. According to Darin, the new equipment has really got the team feeling like pros.

"The grant gives these kids a more realistic hockey experience," he says. "I run my team as close as I can to a professional hockey team; the new equipment adds even more to the overall experience."

"It's a great feeling working for a company like Shell that truly believes in supporting local communities."

MORE BEDS, MORE MEALS, MORE HOPE

Originally a hardware store, the current Salvation Army Emergency Shelter is operating at 130% occupancy. This makes implementing any long term transitional housing or supportive programs extremely difficult when the facility is so far past capacity.

This dire situation prompted BC Housing and the Salvation Army to launch a joint acquisition of the Cedar Lodge Motel in Fort St. John during the spring of 2012. In support of this initiative, Shell invested \$30,000 in 2012 to help raise awareness and support for the redevelopment project. A year later, Shell announced an additional \$220,000 investment to the Salvation Army's capital campaign to convert the former motel into a new transition house and emergency shelter.

The new location will enable the Salvation Army to triple their capacity and provide a significant level of transitional housing. The new facility will also provide:

- An increase from 20 to 64 available beds in downtown Fort St. John
- An increase in kitchen capacity, allowing for a daily community hot meal program
- Proven supportive programming for clients in transition
- Improved access to semi-permanent/transitional housing that allows individuals to find employment
- A drop-in centre where at-risk individuals can receive support, counseling and referrals to other community services

Once the new emergency shelter is completed, the original site will revert to operating as the community

food bank and thrift store, providing another avenue of support for those in need. The grand opening of the facility is planned for December 2013.

Once the new emergency shelter is completed, the original site will revert to operating as the community food bank and thrift store, providing another avenue of support for those in need. The grand opening of the facility is planned for December 2013.

Over the years, Shell employees have witnessed firsthand the positive impact these programs can have on the people that need them the most.

"At Shell, we recognize the need for this type of development initiative in the community," says Bryant Bird, Social Performance Advisor for Shell Groundbirch. "Not only is the Salvation Army helping those that need support within the community, but this project is revitalizing an important building in the heart of Fort St. John. We are proud to support this new housing initiative."

SHELL GROUNDBIRCH AIDS SOUTHERN ALBERTA'S FLOOD RELIEF EFFORTS

As construction teams neared completion of the Saturn 1 Gas Plant, they realized they had an excess of building materials.

Eager to help those affected by the recent floods in southern Alberta, Shell reached out to Habitat for Humanity and found a home for several truckloads of materials like wood, tin and insulation.

With the Government of Alberta and the City of Calgary as partners, Habitat for Humanity is building 712 rooms in a temporary camp at the Great Plains Industrial Area in Calgary. The camp will house people whose homes were damaged or destroyed in June.

"Not only are we minimizing the waste from construction; we're also able to support those that were displaced by the flooding," says Hans Hofland, Saturn 1 Project Manager. "It's a great feeling to know that while we couldn't be there in person, we could at least help provide a roof for people in need of one."

For more information on the recovery efforts and how you can help, go to www.redcross.ca.

WE DON'T JUDGE... EXCEPT AT SCIENCE FAIRS

At the 2013 Northern BC Regional Science Fair in Fort St. John, hundreds of young scientists from local elementary, junior high and high schools proudly displayed their projects for all to see.

The journey to the science fair wasn't easy; to get to the day's regional event, projects had to pass three separate rounds of judging. On the day of the fair, students impressed another panel of judges that included Shell employees from our Groundbirch technology team.

And impress the judges they did; one grade eight student from Fort St. John built a robot that could detect hydrogen sulfide (H₂S), a naturally occurring toxic gas that is found in a variety of geological formations. The small vehicle is controlled by a computer and can detect the gas with no danger to its operator, an invention that certainly could prove useful in the oil and gas industry.

Bronze, silver and gold medals, along with cash prizes, were awarded to students as the science fair concluded. The top five students won an all-expense paid trip to compete in the 2013 Canada-Wide Science Fair in Lethbridge.

FOOOOORE...A GREAT CAUSE

At this year's United Way golf tournament, over \$55,000 was raised for local organizations in Fort St. John.

After a fun day of chipping and putting, Shell golfers were able to meet representatives from the various community organizations that the United Way supports including the 24 Hour Crisis Support Line, Spinal Cord Injury BC, Canadian National Institute for the Blind, Northern Brain Injury Association, Success By 6 and the Fort St John Women's Resource Society.

Having agency hosts on hand allowed golfers to learn more about the work these organizations do and get firsthand accounts of exactly how their donations would benefit their community.

The tournament's live auction really picked up speed when Rej Tetrault, Operations Manager, offered to cut the lawn of the highest bidder, resulting in a \$1,700 donation.

To learn more about Shell's social investment program or for more information about how to apply for funding for your non-profit group, visit www.shell.ca/community.



Rej Tetrault defeated the dandelions while cutting the lawn of the highest bidder

SHELL GROUNDBIRCH GETS ITS HANDS (ABOUT 80) DIRTY DURING SPRING CLEANING

On Saturday, May 25, roughly 40 volunteers made up of Shell staff, contractors and local residents participated in the Groundbirch Community Clean-up and BBQ.

With safety vests, gloves and bags in tow, volunteers picked up garbage along roadsides in the area and, in two hours, filled an entire dump truck with their spoils.

While all the participants got to enjoy a BBQ lunch and take home a spruce sapling, some lucky volunteers won Shell gas cards for collecting the most garbage (10 garbage bags and five recycling bags), having the best team name (the "Petroleum Pickers") and getting the most interesting find (an old curling iron).



GOING THE DISTANCE: GROUNDBIRCH DRILLS THE LONGEST WELL IN UA ONSHORE

In June, Shell Groundbirch achieved the longest monobore lateral drill in the history of the Upstream Americas Onshore business, and what could be the longest in all of Shell Onshore.

The total length of the well was 6.33 km, with a lateral leg of 3.65 km. The well, located in Groundbirch's Sunset Field in Canada, was drilled over 25 days, using Nabors 97.

The lateral portion was drilled using one – that's right, one – drill bit. It was one of five long lateral wells to be drilled on a pad that will eventually hold an additional six wells.

"If all goes as planned during completions and testing, it will set a new standard for field development in Shell," says Ryan Blake, the well's drilling engineer. "It has the potential to maximize production from the reservoir, reduce costs and cut the number of wells we need to drill significantly. This could significantly shrink our environmental footprint."

Not only does this approach improve the operational performance of our Onshore business, it also ensures that we are constantly improving our ability to develop our assets responsibly.

Shell's Onshore Tight Sand or Shale Oil and Gas Operating Principles aim to set a high standard for the exploration, development and production of oil and gas where hydraulic fracturing is used. The five principles focus on safety and protecting water, air, wildlife and the communities around operations.

Long laterals like the one drilled in Groundbirch could reduce Shell's environmental footprint by reducing the number of wells that need to be drilled to effectively produce the hydrocarbon from this type of play.

"By reducing the number of wells, you also reduce the number of pads, roads, pipeline, and surface facilities in the area," says Ryan. "It will change the way we plan our fields."



Nabors 97, the rig that drilled UA Onshore's longest lateral well.

BECOMING A LEADER IN NORTHEAST BC

The Shell Groundbirch office in Fort St. John has received the Canada Green Building Council's Leadership in Energy and Environmental Design (LEED) silver certificate; making it the northern most LEED certified building in BC.



The Shell Groundbirch office in Fort St. John

LEED (Leadership in Energy and Environmental Design) certified features include:

- Air sensors that ensure fresh air is circulated through the building
- Bioswale landscaping around the building's parking lot that filters out contaminants from run off before it enters the environment
- Much of the building material is locally sourced and energy efficient
- High efficiency heating and cooling systems as well as energy efficient glass to conserve energy

Congratulations to WL Construction Ltd. for their innovative design and construction.



YOU'RE INVITED



FIND OUT MORE ABOUT SHELL'S GROUNDBIRCH VENTURE

Shell representatives will be on-hand to discuss project details and answer questions. Your whole family is welcome to attend. Food and refreshments will be provided.

SHELL OPEN HOUSE
Tuesday, October 22nd – 5-8pm
McLeod Community Hall

Please contact us if you require additional information (an RSVP is not required)
Phone: 1-888-384-6465
Email: Groundbirch@shell.com

THE GROUNDBIRCH GAZETTE – SHELL'S NEWSLETTER FOR NORTHEAST BC

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** OR EMAIL **GROUNDBIRCH@SHELL.COM**.