



SHELL IN ROCKY MOUNTAIN HOUSE

SHELL IS EXPLORING FOR OIL, NATURAL GAS AND OTHER HYDROCARBONS AROUND ROCKY MOUNTAIN HOUSE.

This type of exploration is called liquids-rich shale because of the varying states of hydrocarbons that may be recovered from the targeted shale deposits. Liquids-rich shale is produced by extracting hydrocarbons from deep within the earth, generally via horizontal drilling and hydraulic fracturing.

In the Rocky Mountain House area, Shell is drilling exploratory wells vertically through the upper rock formations to a depth ranging from approximately 3,000 to 4,000 metres. From there, horizontal legs will be drilled as long as 2,500 metres through the production zone.

We are still very early in the exploration of this resource. To date, we have drilled four wells. We have plans to license and drill up to eight additional wells this year.

At Shell, we're confident that we can explore, develop and produce this resource near Rocky Mountain House

responsibly. In all of our onshore oil and gas activity, we abide by our set of five global operating principles that provide a tested framework for protecting water, air, wildlife and the communities where we operate.

WE STRIVE TO BE OPEN AND TRANSPARENT ABOUT HOW WE OPERATE AND THE IMPACTS OF OUR ACTIVITIES.

Our principles are underpinned by a deliberate focus on safety, continuous improvement, collaboration with regulators and engagement with local residents. We strive to be open and transparent about how we operate and the impacts of our activities.

For more information on Shell in Canada and our operating principles, please visit www.shell.ca.



SUPPORTING THE COMMUNITIES WE WORK IN

WE AIM TO BE GOOD NEIGHBOURS IN THE COMMUNITIES WHERE WE OPERATE.

THIS MEANS MORE THAN RUNNING OUR OPERATIONS CLEANLY AND SAFELY; IT ALSO MEANS WORKING WITH PEOPLE CLOSE TO OUR OPERATIONS TO ADDRESS THEIR CONCERNS AND HELP THEM BENEFIT FROM OUR ACTIVITIES.

Throughout 2013, we worked with community members to understand local needs throughout the region. Shell has invested in strong community organizations throughout central Alberta ranging from the United Way to the Caroline HUB to the Greenwood Neighbourhood Place.

THE CAROLINE HUB – \$50,000

The Caroline HUB is growing! The multi-user facility is adding 13,000 square feet of space to house a playschool, a dance studio, a public fitness center, a yoga and multi-purpose room, a medical clinic and meeting/office space. This expansion will help grow the community by offering more for families to do in the area.

ASPEN RANCH OUTDOOR EDUCATION FACILITY ASSOCIATION – \$24,500

Besides providing science summer camps for local and First Nations children, the Aspen Ranch also offers environmental stewardship and access management education to elementary and junior high school students for the West Country Program. This program educates children to the risks and ethical and legal issues concerning the use of the West

Country for recreational purposes (e.g. horseback riding, off highway vehicles, random camping and mountain biking).

GREENWOOD NEIGHBOURHOOD PLACE – \$10,000

Sundre's community resource centre, Greenwood Neighbourhood Place, strives to provide a safe and caring resource centre for all people in Sundre and surrounding communities by listening, supporting, connecting, communicating and encouraging in a professional and non-judgmental environment. This non-profit society promotes several programs including Healthy Families, New Horizons for Seniors and Sundre Santa's Anonymous.

COMMUNITY SERVICE FUND – \$30,000

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 2013, Shell employees and retirees were awarded approximately \$30,000 in CSF grants for not-for-profit organizations in the region.

UNITED WAY OF CENTRAL ALBERTA – \$60,000

Shell people and their families are the driving force behind our long-standing relationship with United Way, in which employees, retirees and their families give generously of their time, talents and money. Across Canada, we match the dollars raised by employees and retirees.

In 2013, we contributed \$60,000 to the United Way of Central Alberta.

United Way creates lasting change across Central Alberta by building pillars for communities to stand on. With the support of partners like Shell, United Way engages and mobilizes communities to provide community members with food, shelter and jobs, to improve access to social and health-related services, and to help kids' access education and development programs.

DAYS OF CARING

The United Way Day of Caring is an agency-focused event that connects volunteers to local non-profit organizations and promotes volunteerism through community service. In 2013, Shell staff held Days of Caring events at the Water Valley Playschool, Cooking for Kindness and Santa's Anonymous.



From left to right, Shell employees Brian Golos, Marcie Nieman, Alice Murray, Darrell Foster, Darren Vancuren and Bert Stemann pack hampers at Santa's Anonymous.

KEEPING A STEADY HAND

DARREN VANCUREN, PRODUCTION SUPERINTENDENT, TAKES THE LEAD AT CAROLINE

WELCOME TO THE CHINOOK NEWS. THIS NEWSLETTER IS PART OF SHELL'S ONGOING EFFORT TO COMMUNICATE EFFECTIVELY WITH THE COMMUNITIES IN WHICH WE OPERATE. IN THIS EDITION, WE CELEBRATE THE LIFE OF THE BURNT TIMBER GAS COMPLEX, INTRODUCE YOU TO ONE OF OUR TALENTED EMPLOYEES AND SHOWCASE SOME OF SHELL'S SOCIAL INVESTMENTS IN THE REGION.

I've spent most of my 24-year career with Shell in the Foothills. I started at the Waterton Complex near Pincher Creek in 1990 and transferred to the Caroline Complex for the commissioning and startup of the facility in 1992. After moving on to roles at the Waterton and Burnt Timber complexes, I returned to Caroline where I've been for the last five years in the role of Production Superintendent.

My wife and I have three children and live on a small farm outside of Sundre. We enjoy the rhythm, beauty and uniqueness of the communities in the Foothills.

We've seen quite a few changes in the past year with the retirement of David Kidd and the announcement of Burnt Timber's closure. Despite this, Caroline continues to operate safely and responsibly. We've had a good year in 2013: no safety incidents – what we call Goal Zero – and several new environmental records, such as our lowest flared volumes, no reportable spills and the lowest annual sulphur dioxide (SO₂) emissions since the Complex was commissioned.

As David mentioned in our previous newsletter, we celebrated the 20th anniversary of the Caroline and Shantz complexes in 2013. These complexes are some of Shell's youngest operations in the area and are based on decades of worldwide sour gas experience. With the shutdown of the Burnt Timber Gas Complex after 44 years, the Caroline



Darren Vancuren, Production Superintendent at the Caroline Gas Complex

Complex is well positioned to receive much of the gas that once flowed to Burnt Timber, boosting Caroline's capacity for the near term.

Shell also has two exploration projects in the area north of Sundre – the Rocky Mountain House and Chedderville projects. We are still very early in the exploration phase; we plan to drill eight wells at Rocky Mountain House and two at Chedderville in the Eagle Hill area this year. If, after testing, analysis and the consideration of other variables, these

exploration projects prove successful, the Caroline Complex may be the recipient of this gas as well.

I always look forward to meeting with community members and hope you were able to join me for a steak dinner at one of our community BBQs this spring. Don't hesitate to contact us if you have any questions or comments at 403-722-7072.

Darren Vancuren
Production Superintendent, Caroline

CQ ENERGY PARTNERSHIP BUYS SHELL'S BURNT TIMBER, HUNTER VALLEY AND PANTHER RIVER GAS FIELDS

SHELL RECENTLY SIGNED A DEFINITIVE AGREEMENT TO SELL ITS ENTIRE INTEREST IN BURNT TIMBER, HUNTER VALLEY AND PANTHER RIVER GAS FIELDS AND ASSOCIATED INFRASTRUCTURE TO CQ ENERGY PARTNERSHIP.

Shell also gains a greater working interest in the Waterton area through the transaction. We celebrate our 60 years of responsible operations in the field and the many accomplishments we have achieved as a company and as a community. We plan to continue operations at our Caroline, Jumping Pound and Waterton facilities. The field sale does not include the Burnt Timber Gas Plant. We are on schedule to shut down plant operations in June 2014.



The Burnt Timber Gas Complex today

SHELL'S BURNT TIMBER GAS PLANT PROCESSED ITS LAST MOLECULE OF GAS ON JUNE 18, 2014, AFTER 44 YEARS OF EXCEPTIONAL SERVICE.

44 years ago, you could buy a beer for seven cents and type a memo on an electric typewriter (not necessarily in that order).

44 years ago, the Burnt Timber Gas Plant began operating in Central Alberta. To the outside world, it was just a gas plant, designed to last for 25 years. But thankfully, to others, it was more than that. Because of the determination of an incredible team of people, the Burnt Timber Complex didn't go extinct with the typewriter, but instead helped keep the heat on for our growing world for many years.

To the outside world, the Burnt Timber plant processed enough gas to continuously heat 325,000 homes for the life of the asset. But for some, Burnt Timber was even more than that...

"I was the second woman hired at the Burnt Timber plant back in 1979. It was still relatively uncommon for women to work in field locations. I remember my manager at the time was thrilled to show me the purple toilet and sink in the new women's washroom he had installed.

Everything was done manually back then so I really learned production accounting from the ground up. After going back to college in the late 1980s, I went on to become a business analyst for the Central Alberta region for Shell. It's been an incredible career, and I feel privileged to have worked with so many great people over the years." – Karen Hallet, retired Burnt Timber employee, 29 years.



Karen Hallet

Barry Dickau

To the outside world, the Burnt Timber plant was a facility pioneering new technology to drill 56 wells in the field. But for some, Burnt Timber was even more than that...

"Back when I first started, Burnt Timber was in the bush. To get out to the field, you had to take a narrow gravel road from the plant." – Barry Dickau, Burnt Timber field operator, 35 years.

Barry remembers the day he had to check a well site in the field and got quite the shock: "As I came around the corner of the fence – there he was, staring at me: a grizzly bear. He was a lot bigger than me; probably a 400 to 500 pound bear. My truck was about 200 feet away and the bear was jumping up and down on his hind legs. I backed away slowly and got in my truck, and he made sure to keep me in his eye sight the whole time."

BACK WHEN I FIRST STARTED, BURNT TIMBER WAS IN THE BUSH. TO GET OUT TO THE FIELD, YOU HAD TO TAKE A NARROW GRAVEL ROAD FROM THE PLANT.

To the outside world, Burnt Timber was a network of 624 kilometers of pipe. But for those who lived and worked in the area, it was a community that helped each other.



The original control room for Burnt Timber Gas Plant 1

Working together with their sister asset, Caroline, the employees at Burnt Timber raised over \$1 million dollars for the United Way.

"We all formed a cohesive organization; there was always a helping hand when you needed one. We felt like Burnt Timber was our own; when something needed to be done, we'd band together to do it." – Lonnie Halladay, retired Burnt Timber employee, 17 years.

"We were the same age when we started here. We all raised our kids together. Worked through juggling children. Anyone of these guys would have come and bailed me out if I had trouble at the farm; it was a very tight knit community. Burnt Timber has its own culture, even today." – Karen Hallet.

To the outside world, Burnt Timber was a plant that produced over 4 million tonnes of sulphur – that's over 100,000 truck loads. For others, it was a facility that provided local full-time employment for over 300 people. And for some, it was even more than that...

"We've seen the discovery of new fields, plant expansions every decade, strong relations built between employees, contractors, and the community, multi-generational employment and friendships that have lasted a lifetime. Working with this community has been an honour and a privilege. I just want to say thank you to everyone again, for all their support." – Mathieu Rae, Burnt Timber Production Superintendent.



Mathieu Rae

Lonnie Halladay

ONE WOMAN, MANY HATS



Carolyn Normand, Senior Operations Engineer for CAB

CAROLYN NORMAND HAS A LOT OF IMPRESSIVE TITLES AFTER HER NAME: SENIOR OPERATIONS ENGINEER, TECHNICAL COORDINATOR, MANAGEMENT OF CHANGE COORDINATOR, PRODUCTION ACCOUNTING SUPPORT AND PROCESS ENGINEERING SUPPORT. AND THIS IS JUST AT WORK. AT HOME, CAROLYN HOLDS THE TITLE OF MOM, WIFE, RINGETTE COACH, ATHLETE AND OUTDOOR ENTHUSIAST.

Originally from Sudbury, Ontario, Carolyn moved to Alberta in 1997, working for a few different companies before signing on with Shell eight years ago. Carolyn and her husband Troy live on an acreage outside of Red Deer with their six-year-old daughter Madelynn and four-year-old son Lucas. Between swimming lessons, ringette games and any sports Carolyn and Troy can fit in their schedule, it's a busy household.

At work, it's not any different.

"I'm the senior engineer at site and support our Caroline and Burnt Timber gas complexes as well as our fields in the region," says Carolyn. "No day is typical!"

While it may seem like a lot (and it's a lot!), Carolyn finds a way to balance her work and home life.

"The team at Caroline is really supportive and accommodating," explains Carolyn. "They understand when I need to leave early to pick up my son for swimming lessons or coach my daughter's ringette team."

For Carolyn, it all comes down to making sure she has enough time for her family as well as work.

"Thanks to Shell, I have time for both."

LIKE CHANGING THE OIL

YOU OWN A VEHICLE. YOU DRIVE IT TO AND FROM WORK, THE GROCERY STORE AND YOUR FAVOURITE RESTAURANT. CHANCES ARE YOU CHANGE THE OIL IN YOUR VEHICLE ON A REGULAR BASIS. IF YOU DIDN'T, YOU'D EVENTUALLY WEAR OUT YOUR ENGINE.

If this sounds like a no-brainer, you're right. And this is exactly what we do at the Caroline Complex; we perform preventive maintenance to ensure our equipment doesn't wear out. Much like you want to continue to drive your car, we want to continue the safe and responsible operation of our asset.

TECHNOLOGY IS MAKING IT EASIER FOR OUR OPERATORS.

Some of the preventive maintenance work at Caroline is as simple as changing oil. It can also be as complicated as executing a shutdown of the entire plant to inspect, clean or fix major pieces of equipment.

Technology is making it easier for our operators. Using tools like infrared and ultrasonic scans, operators at Caroline can now 'see' inside equipment to check for leaks or corrosion without having to shut it down to physically climb in and inspect.

Why do we take preventive maintenance seriously?

The most important reason is safety. Your safety and the safety of our workers at Caroline is our number one priority.

