

THE PANTHER FIELD

LOCATED IN THE WILDERNESS AREA
NORTH OF THE PANTHER RIVER,
SOUTHWEST OF SUNDRE, ALBERTA, THE
PANTHER FIELD IS BEING DEVELOPED
BY SHELL. RECOGNIZING THAT THE
PANTHER FIELD IS IN A SENSITIVE, HIGH
PROFILE LANDSCAPE IT IS NECESSARY
TO IMPOSE RESTRICTIONS ON
DEVELOPMENT ACTIVITIES IN ORDER
TO ENSURE THAT THIS UNIQUE PART
OF THE WORLD WILL BE AVAILABLE FOR
PRESENT AND FUTURE GENERATIONS
TO EXPERIENCE AND ENJOY.

Shell works with the Panther Advisory Group (PAG) to ensure that the proposed Panther wells are developed in a manner that is economically and environmentally sustainable. The PAG is comprised of local stakeholders and industry members who use respectful communication and thoughtful planning, to help bridge the gap between regulation and stakeholder expectation when developing this resource.

"We operate using performance measures that go beyond regulatory requirements to help us minimize our overall impact," says Glen Sine, Shell's development manager for the Panther Field. "By using long horizontal wells, pad drilling, and maximizing our use of existing infrastructure, we have reduced the footprint of a Panther well by 30 per cent, compared to a conventional well."

As we move into 2013, Shell will continue to operate all existing wells; but no new wells have been planned for 2013. We need to evaluate our technology and methods to understand how to maintain both economically and environmentally sound procedures for the future.

THE FOOTPRINT OF
A PANTHER WELL BY 30%,
COMPARED TO A
CONVENTIONAL WELL.

Since 2001, the development has included 54.4 square kilometres of minimal disturbance, 3D seismic, 20 new wells on 10 well sites, 21 kilometres of new pipeline installed on existing right-of-ways, and the abandonment, reuse and ongoing reclamation of two different well sites.



Since its establishment in 2007, the Panther River Environmental Enhancement Fund (PREE) has invested \$189,450 in local community driven projects such as the Sundre Museum trapper's cabin, cultural camps for local First Nations children, and The Panther Legacy Book which recounts the history of the region through the stories of long-time residents in the area.

We look forward to continuing to engage with the PAG and the local community as we continue our planning for the coming year.

CELEBRATING 20 YEARS IN THE COMMUNITY

WELCOME TO CHINOOK NEWS. THIS NEWSLETTER IS PART OF SHELL'S ONGOING EFFORT TO COMMUNICATE EFFECTIVELY WITH THE COMMUNITIES IN WHICH WE OPERATE. I HOPE YOU FIND THIS EDITION INFORMATIVE.

I am Dave Kidd, and since January 2010, I have been the Operations Manager for Shell in Central Alberta. My family and I moved to Sundre in 1990 after 10 years of working for Shell in Calgary, northern Alberta and the USA. Since 1990, I've continued to work in sour gas operations in both engineering and supervisory roles at Caroline and our Jumping Pound operations. My wife and I have recently begun the transition to "empty nesters", now that our three children are grown.

Shell has operated in Canada for over 100 years with a history of safe and reliable operations. On March 3, 2013 we celebrated the 20th anniversary of the Caroline and Shantz Complexes. These Complexes are some of Shell's youngest operations in the area, based on decades of worldwide sour gas experience. We built Caroline with the newest technology available, based upon the successful design of our other sour gas operations in southern Alberta including Burnt Timber, Waterton and Jumping Pound, and relied on the experience of staff from across the region.

In our last newsletter we mentioned that we were heading into a turnaround in spring 2012 and taking Train 1 offline. We've since completed our turnaround and successfully decommissioned the Train, meaning we shut it down, cleaned it, and ensured it is now free of any hydrocarbons. After the turnaround we ran a performance test on the remaining Train; the process and environmental results looked good. Up next we're trying to understand the best path forward for the steel, aluminum and other materials that we no longer need from Train 1. Safe and stable operations remain our key focus area for 2013.

I hope you will be able to join me for a steak dinner at one of our community BBQs this spring. I always enjoy attending the BBQs as they're a great opportunity for Shell staff to meet with community members in the area and provide an update on our activities. I also like hearing firsthand how Shell is doing in the area and where we could improve. Dates and locations for the BBQs can be found within this newsletter.

My hope is that through our actions and ongoing dialogue with you, we will achieve our goal of being known as a respected operator and a valuable member of the community. As always, don't hesitate to contact us if you have any questions or comments at 403-722-7049.

David Kidd,

Operations Manager,
Central Alberta Operations





GREG HALLET: SECOND GENERATION SHELL EMPLOYEE, VOLUNTEER FIRE FIGHTER AND HSE ADVOCATE

Greg Hallet is the Health, Safety, and Emergency Response (HSE) Coordinator at Shell's Burnt Timber Gas Plant. He started his career with Shell in 2008 as a Safety Repair Technician at Shell's Jumping Pound Complex, but his history with Shell began much earlier.

Greg is a second generation Shell employee. Both his mother and father worked for Shell in central Albeta. His father, Brian worked as a field millwright for 10 years in the Caroline Field. His mother, Karen worked as a production accountant and financial analyst for the Foothills region.

"I live in this community and this is my home; it's important to me that I work for a great company that makes safe operations its priority." Greg's interest in emergency response started in 1999 when he began serving as a volunteer fire fighter for Cremona and District Emergency Services. He still lives in Cremona with his wife Robyn, where he serves as a Captain.

He carried his passion for emergency response into his work at Shell, working with management to build a 12 man emergency response team, during his time at the Jumping Pound Complex.

Through his work with Shell and the Cremona and District Emergency Services, Greg looks forward to continuing to make his community a safe and enjoyable place to live and work.



CHINOOK NEWS - SHELL'S NEWSLETTER FOR THE CENTRAL ALBERTA BUSINESS REGION

CHINOOK NEWS IS AN ANNUAL NEWSLETTER FEATURING SHELL STORIES FROM THE CENTRAL ALBERTA BUSINESS REGION. IF YOU HAVE ANY QUESTIONS, COMMENTS AND/OR IDEAS FOR STORIES, PLEASE CONTACT ALICE MURRAY (CENTRAL ALBERTA REGION): 403-722-7049 OR ALICE.MURRAY@SHELL.COM, MARCIE NIEMAN (BURNT TIMBER/SHANTZ): 403-637-6034 OR MARCIE.NIEMAN@SHELL.COM, ERIC BERG (CAROLINE/WEST COUNTRY): 403-722-7175 OR ERIC.BERG@SHELL.COM

ALBERTA JOINS THE FRACFOCUS REGISTRY

The Energy Resource Conservation Board (ERCB) has improved public access to information on hydraulic fracturing fluids in Alberta. As of December 31, 2012 Alberta will join British Columbia in requiring all new hydraulic fracturing operations to publically post information about their fracturing fluid to www.FracFocus.ca.

The change supports the ERCB's commitment to the open disclosure of fracturing fluids as well as the Government of Alberta's focus on improved transparency and responsible development. The ERCB says that Albertans will begin to see more information on the FracFocus website by summer 2013 as new wells are drilled and completed under the new regulations.

For more information on the ERCB's new disclosure regulations under Directive 059, visit ERCB.ca. To learn more about new hydraulic fracturing operations in Alberta, visit FracFocus.ca.

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SOCIAL INVESTMENT -UNITED WAY \$1 MILLION

SHELL PEOPLE ARE THE DRIVING FORCE BEHIND OUR 14 YEAR RELATIONSHIP WITH THE UNITED WAY OF CENTRAL ALBERTA, IN WHICH EMPLOYEES, RETIREES AND THEIR FAMILIES GIVE GENEROUSLY OF THEIR TIME, TALENTS AND MONEY.

Shell matches the dollars raised by employees and retirees. In 2012, Shell set a goal to reach \$1 million in cumulative donations to the United Way of Central Alberta – enough money to help one in three Central Albertans who will use services supported by United Way during their lifetime.

"It is really important to me that we give locally, that we can engage with the groups that we are donating to," says the Caroline Complex's Clair Crosbie. Crosbie was the 2012 Shell Employees Campaign Chair for United Way of Central Alberta.

On October 27, after two months of planning and organizing by Crosbie and the Campaign group, Shell reached that \$1 million goal with the money raised at the Shell NHL Alumni Hockey Game.

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The hockey game pitted a team of plucky Shell employees against a team of seasoned NHL alumni to raise money for the United Way of Central Alberta. Shell put up a valiant effort, but despite stellar goal tending by one of the Hanson brothers, they lost to the NHL Alumni.

I guess you could say the United Way won," laughs Alice Murray, Shell's community affairs coordinator for the Central Alberta Business Region.

And win they did. The 2012 Central Alberta United Way Campaign raised \$83,000 - shattering Shell's original goal of \$50,000. The money will go toward the 30 organizations that the United Way of Central Alberta supports to help families and communities

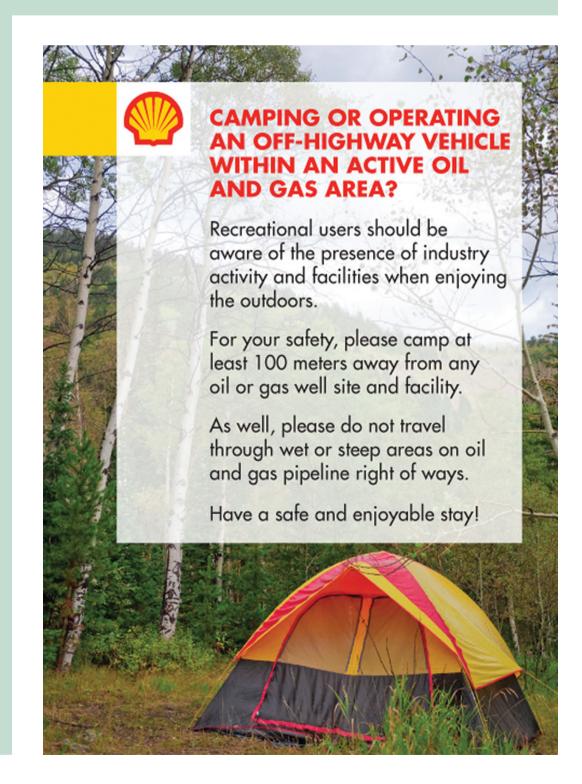
I GUESS YOU COULD SAY THE UNITED WAY WON.

After the game, Crosbie was presented with the United Way of Central Alberta's Million Dollar Milestone Award, to commemorate Shell's achievement.

"This was such a great experience," says Crosbie. "I look forward to helping this year's chair plan the next big milestone."



Players pose for a picture before the puck drop at the Shell NHL Alumni Hockey Game From left to right: #8 Dennis Polonich - NHL Alumni, #1 Warren Skordenski - NHL Alumni, Sundre Mayor Annette Clews, United Way Chair - John Knoch, Shell Employees Campaign Chair - Clair Crosbie, #16 John Heinen - Shell Superstars Captain



SEASON 2 OF THE RATIONAL MIDDLE ENERGY SERIES SHOWCASES CANADIAN PERSPECTIVES ON ENERGY















WHEN PRODUCER AND DIRECTOR GREGORY KALLENBERG TOURED AROUND AMERICA WITH HIS DOCUMENTARY, "HAYNESVILLE: A NATION'S HUNT FOR AN ENERGY FUTURE." HE AND HIS TEAM SAW GREAT NEED FOR A BALANCED AND OPEN DISCUSSION ABOUT THE WORLD'S CURRENT AND FUTURE ENERGY ISSUES. LAST JULY, KALLENBERG LAUNCHED THE RATIONAL MIDDLE ENERGY SERIES TO BEGIN THIS CONVERSATION.

The series featured 10 film episodes and focused on creating a dialogue about the issue of energy and its future in a world with rapidly increasing energy needs. Kallenberg maintains complete creative control of the filming and production process, ensuring the film series is a balanced take on the issue of energy.

Kallenberg plans to further the conversation by producing a second series of films in 2013. This series, again sponsored by Shell, will feature 12 episodes; at least four of these episodes will focus on Canada, its outlook on energy and the role of Canadian communities and First Nations in the energy discussion.

Shell sees great potential in natural gas and supports a balanced, fact-based discussion around the energy challenge and the opportunity of using natural gas as a clean energy source.

Interested in becoming a part of the Rational Middle and lending your voice to the energy discussion? Visit www.rationalmiddle.com for more information.

SYNERGY ALBERTA

SYNERGY – THE INTERACTION OR COOPERATION OF TWO OR MORE AGENTS TO PRODUCE A COMBINED EFFECT GREATER THAN THE SUM OF THEIR SEPARATE EFFECTS. SYNERGY ALBERTA PUTS THINGS A LITTLE MORE SIMPLY; "WORKING TOGETHER, WE CAN ACHIEVE MORE."

Synergy Alberta was established in 2006 as a way to facilitate a principled, balanced and sustained approach to resource development for Albertans.

"We coordinate a network of 30 groups in Alberta and one in North Eastern British Columbia," says Alice Murray, Shell's community affairs coordinator for the Central Alberta Business Region and an elected board member for Synergy Alberta. "We also try to help get groups up and running in areas with new development."

Each year Synergy Alberta holds a conference in Red Deer to showcase information on energy development and processes for communities and industry working together.

Murray, along with Shell Community Affairs Representatives Eric Berg and Marcie Neiman have had the opportunity to work with a number of Synergy Alberta Groups in the CAB region.

SUNDRE PETROLEUM **OPERATORS GROUP (SPOG)**

SPOG came to be in 1992 after an emergency event in the Sundre/Caroline community created a desire for a universal emergency number for residents and industry members to use to share information.

"The creation of that phone number shaped a vision of long term relationships based on mutual trust, honesty and respect by sharing pertinent information and working towards resolving issues to benefit of all stakeholders," says Murray, who is also an executive on SPOG's board of directors. "It's been very beneficial to both the community and industry in the area."

Each year in September, SPOG holds its annual Neighbours Day to connect members of the community with industry, government and local businesses. In the 16 years the event has been held, between 1,500 and 3,000 people have attended, including two Alberta premiers.

"It's a great way for local industry to build relationships with the communities around their facilities," says Murray. "Last year, I hugged about 100 people!"

If you have a question about industry or see, smell or hear something that concerns you, call 1-888-878-2306 and SPOG will connect you with the correct industry representative.

PANTHER ADVISORY GROUP (PAG)

The Panther Advisory Group (PAG) was formed in October, 2001 to work together with Shell Canada and Suncor Energy Inc. on the development of the Panther field. The development is taking place in the wilderness area north of the Panther River, southwest of Sundre, Alberta.

"PAG meets four times a year and uses respectful communication and thoughtful planning to work with industry to ensure this unique part of the world is preserved," says

Marcie Nieman, Shell's community affairs representative for Burnt Timber/Shantz and PAG's contact person.

PAG developed performance measures which Shell supports and reviews with stakeholders annually. The performance measures are commitments made to the Panther community and stakeholders advocating respectful work behaviors in the area.

In 2007, the group launched the Panther River Environmental Enhancement Fund (PREE), which invests funds from Shell and Suncor in local community driven projects. PREE was awarded Synergy Alberta's Award of Excellence in 2012.

WEST CENTRAL STAKEHOLDERS GROUP (WCSG)

The West Central Stakeholders Group was formed in the spring of 2002 after a number of efforts to establish a multi-stakeholder group for the greater Rocky Mountain House region. The group's mission is to provide an open forum for the stakeholders in West Central Alberta to present and discuss information related to the oil and gas industry.

Eric Berg, Shell's community affairs representative for Caroline attends the monthly meetings the group holds in Rocky Mountain House.

"West Central Stakeholders is the most effective forum in the Rocky Mountain House area for us to get our messages to the community and to hear back from the community about their concerns, suggestions and support," says Berg. "In the end, Shell has better projects for our company, for our neighbours and for the industry overall, because of this group's collaborative nature."

For more information on Synergy Alberta and synergy groups in your area, visit synergyalberta.ca.

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