



CHINOOK NEWS



THE NEWSLETTER FOR THE SHELL WATERTON REGION

WINTER 2014

NEW DEVELOPMENT IN THE WATERTON REGION

AS A REFRESHER, THE WATERTON 68 WELL WAS SUCCESSFULLY AND SAFELY DRILLED IN 2011.

This spring, Shell received approval from the Energy Resource Conservation Board (ERCB) – now the Alberta Energy Regulator (AER) – to construct the sour gas tie-in pipeline, a fuel gas pipeline and associated surface facilities at the Waterton 68 well site. Shell is currently working through plans to satisfy the conditions, commitments, and recommendations tied to those approvals and construction activities will commence this spring. Shell remains committed to keeping local stakeholders informed of our planned activities in the area and will provide updates as plans progress.

In addition to Waterton 68, Shell continues to look at other opportunities to utilize the significant infrastructure that is in place (Waterton gas plant and associated gathering system). Shell does this primarily in two distinct ways. The first is through optimization of the existing well stock and compressor facilities in the Waterton area. The second is through the addition of selective new wells. These actions provide incremental production volume to the Waterton gas plant to slow down and/or otherwise make-up for natural field decline. Shell has previously constructed and completed a well site at Waterton 67. We are now planning to apply to the AER for approval to drill and complete a second well (Waterton 77) from this existing lease site. No new land is required for this proposal and existing roads will be utilized for access to the site.

Shell is committed to communicating and consulting with the community with respect to new development in the area and will be conducting further engagement on this well through WVAG and resident meetings. Any new well would be subject to the regulatory approval process.

CALLING ALL TEACHERS AND STUDENTS! CLASSROOMS WANTED FOR NATIONAL CHALLENGE

REGISTRATION STARTS IN SEPTEMBER FOR ANOTHER ROUND OF THE CLASSROOM ENERGY DIET CHALLENGE. THE NATIONAL ENERGY EFFICIENCY CONTEST IS SPONSORED BY SHELL CANADA AND CANADIAN GEOGRAPHIC AND AIMS TO INCREASE ENERGY LITERACY IN CANADA.

Students in classrooms across Canada will again compete starting in February of 2014 through fun and educational assignment-based challenges designed to increase their knowledge and awareness about energy use in Canada. In 2013 over 40,000 kindergarten to grade 12 students from across Canada participated in the program.

"This past year we were blown away by the students' creativity and resourcefulness," said Ashley Nixon, Manager of NGO and Stakeholder Relations for Shell Americas. "We're also thrilled the number of classrooms participating this year tripled and hope even more schools will become involved in future. The level of interest tells us that schools see value in content about where energy comes from, how it's used and the issues we face managing our resources."

The Challenge includes a classroom assignment competition, video contest, and new in 2014, a Green Your School challenge. The Classroom

Challenge features 25 curriculum-linked lesson plans which focus on energy literacy and conservation, including traditional and alternative sources of energy. The video contest challenges classrooms to film a public service announcement outlining ways to reduce energy use. The newest challenge, Green Your School, provides an opportunity for students to create an energy conservation project that will benefit their classroom, school and ultimately, their community. Top prize is a \$10,000 grant to implement their project. Classes also have the chance to win a multitude of other prizes including funds for school technology, supplies, field trips, classroom parties and contributions to a charitable organization of the students' choice.

The impact of the Classroom Energy Diet Challenge was recently acknowledged with an Award of Merit from the Global, Environmental and Outdoor Education Council of the Alberta Teachers' Association. The award recognizes the program's impact on classrooms across Alberta in raising awareness about the importance of energy conservation.

For more information or if you are a teacher looking to register a classroom, please visit energydiet.canadiangeographic.ca.

WAG RECOGNIZED FOR 5-YEARS OF SERVICE...AND COUNTING

ON OCTOBER 29, SHELL'S GLEN SINE, DEVELOPMENT MANAGER FOR FOOTHILLS, AND JENNIFER PLATMAN, SENIOR CONSULTATION SPECIALIST, ACCEPTED A SYNERGY ALBERTA AWARD ON BEHALF OF THE WATERTON ADVISORY GROUP (WAG) FOR ITS FIVE YEARS OF SERVICE IN THE REGION.

WAG is a multi-stakeholder group established to ensure that the Waterton Field is developed in a manner that balances social, environmental and economic benefits for the community and region. Attendance is open to anyone interested in broad discussions to find collaborative solutions. The group meets quarterly to discuss operations, ask questions and work together to ensure responsible development.

"Since 2008, WAG has achieved great success in the number of active participants and now includes broader discussions on the future of the community and what Shell's involvement looks like," commented Rod Sinclair, Shell's Community Affairs Representative. "Shell looks forward to sharing information on its projects and continuing our relationship with the Waterton area through committees like WAG."

If you're interested in learning more about WAG or would like regular updates on Shell's activities in the area, please contact Rod Sinclair at Rod.Sinclair@shell.com or 403-627-7282.

OPERATIONS UPDATE

AN UPDATE FROM JIM LITTLE – OPERATIONS MANAGER FOR SHELL'S WATERTON COMPLEX.

IT'S WITH MIXED EMOTIONS THAT I ANNOUNCE A NEW ADVENTURE FOR MYSELF AND MY FAMILY. THIS FEBRUARY, WE ARE MOVING TO ABU DHABI WHERE I'LL ASSUME THE ROLE OF OPERATIONS READINESS AND ASSURANCE LEAD ON THE BAB GAS DEVELOPMENT PROJECT.

We've called Pincher Creek home for almost a decade, raised our kids here and hold friendships both in and outside of Shell Canada, which we deeply value. The greatest treasure this community holds is its ability to band together when things get tough – the true essence of 'small town Alberta' that I've come to appreciate.

It's difficult to look back on the last decade and try to pinpoint one or two highlights. We've undergone a lot of positive change at the Complex and a lot of things stick out to me including new infrastructure projects (wells, pipelines and facilities), the Waterton Optimization project, celebrating 50 years of operations with a community event and our many social investment initiatives, which all comes down to the great people who support the Waterton Complex. Our employees are as committed to doing the right thing here at the Complex as they are in the community.

I'm proud of the work we've done in cooperation with our mutual aid partners to improve our

emergency response abilities. Since 2010, we've fostered a relationship with Pincher Creek Search and Rescue by involving them in mock emergency response exercises and training. Preventing incidents remains our top priority and we couldn't ask for better support.

At Shell, we don't believe in the status quo; we are always striving for safer and more efficient operations. In my time as operations manager, we've implemented new pipeline inspection technology and worked on a number of new initiatives to speed up reclamation and reduce our footprint. I'm excited to announce two new pilot products we're using at site: Thiocrete and Thiopave. Thiopave is a patented Shell technology developed to help road construction companies and road owners improve road performance through the innovative use of sulphur in the asphalt mixture. Shell Thiocrete combines the inherent strengths of sulphur with leading edge cement technology. Unlike traditional cement, Thiocrete uses modified, heated liquid sulphur to glue the

mixture together and form a stable, hard concrete product. The pilot project began last fall and will recommence this spring.

The new operations manager, Peter Argument, will be in seat this spring. I'm confident that he'll continue to deliver safe and reliable operations at the Complex. I look forward to introducing you to him.

As always, if you have any questions or concerns, please call our 24-hour emergency line at 403-627-4200.

Stay safe.

Jim Little

COMMUNITY INVESTMENT GIVING BACK WHERE WE LIVE AND OPERATE

SHELL STRIVES TO BE A RESPONSIBLE OPERATOR IN THE AREA WHO GIVES BACK TO THE LOCAL COMMUNITY.

Our approach to community investment is to ensure that we're able to support programs and organizations that respond to the needs of the communities where we live and work.

In 2013, among other organizations, Shell has supported the following:

- Pincher Creek Watershed Group's Blue Weed Blitz
- Small Spurs program
- Group Group Youth Society of Pincher Creek
- Numerous local 4H clubs

Shell supported the Beaver Mines Volunteer Fire Department with a \$7,000 investment to help purchase a new ATV; Pincher Creek and District Agricultural Society received \$10,000 for its

various rodeos. Last but not least, Pincher Creek Search and Rescue received a \$15,000 donation to upgrade its mobile command post (pictured at right). The Pincher Creek Search and Rescue received a motor home vehicle in spring 2012 from the Alberta government to be used as a mobile command post. The command post is used to organize searches; it can be driven into different terrain, set up and used by the rescuers as the central location to receive assignments, debrief, connect with the RCMP and more. Shell's donation supported some much needed maintenance and renovations to the vehicle including new batteries and a generator, a new satellite telephone and necessary connections, a new paint job and the installation of a map desk.



Pictured L to R: Brian Balak, Jim Little, Russell Lee, Rod Sinclair

THE CHINOOK NEWSLETTER FEATURES SHELL STORIES HAPPENING IN THE WATERTON AREA

FOR MORE INFORMATION ON NEWS IN YOUR AREA, OR IF YOU HAVE ANY QUESTIONS OR CONCERNS ABOUT SHELL, PLEASE CONTACT:

ROD SINCLAIR
COMMUNITY AFFAIRS REPRESENTATIVE, SHELL
(403) 627-7282
ROD.SINCLAIR@SHELL.COM



THE LATEST ON DAR

SHELL'S DECOMMISSIONING, ABANDONMENT AND RECLAMATION (DAR) TEAM MANAGES THE DECOMMISSIONING, ENVIRONMENTAL ASSESSMENT AND REMEDIATION /RECLAMATION OF OUR ASSETS TO MEET THE EXPECTATIONS OF THE REGULATORS AND OUR COMMUNITY. DAR INVOLVES THREE PHASES:

ABANDONMENT, REMEDIATION AND RECLAMATION.

The first step is downhole abandonment. The underground infrastructure is removed and one or more cement plugs are placed downhole, thereby isolating the natural gas zones from the surface, protecting groundwater and preventing flow to other porous rock intervals. Once downhole abandonment is completed, surface abandonment is carried out, in which the wellhead and casing are 'cut' and then a cap is welded over top and buried. The abandonment process is considered complete when the well can be left indefinitely without further attention.

WHO DO WE CONSULT?

We've built strong partnerships with Alberta Environment and Sustainable Resource Development, Grumpy's Greenhouse in Pincher Creek and, more recently, Steve Tannas, a reclamation specialist who owns a local native seed and shrub greenhouse in the Watervalley area.

OVER THE YEARS, WE'VE TAKEN ENVIRONMENTAL GROUPS, FIRST NATIONS AND COMMUNITY MEMBERS TO OUR ACTIVE RECLAMATION SITES TO SHARE OUR WORK AND SEEK FEEDBACK.



The view at Waterton 5 where remediation is underway.

AN UPDATE ON OUR CURRENT DAR WORK:

Waterton 9: Reclamation that fits the needs of Shell's neighbours

This well was originally spudded in September 1959 and abandoned in September 1978. Originally, Shell proposed to reclaim the Waterton 9 site to its pre-disturbance environment of, predominantly, aspen trees. However, Alberta Environment and Sustainable Resource Development (AESRD) indicated the site should be reclaimed to grasslands to meet the range improvement objectives of the Integrated Resource Plan.

The DAR team recontoured and reseeded the area with native seed mix including junegrass, western wheatgrass, rough fescue, green needlegrass and owned wheatgrass. 14,000 plugs of rough fescue

and Parry's oatgrass were transplanted on the lease. The reclamation certification application was submitted to AESRD in December 2012.

Waterton 21

Reclamation is ongoing at the Waterton 21 site including vegetation and weed management. This particular site is an example of how quickly DAR work can be done from the end of life of the well to the down hole abandonment. The site is located behind a locked gate and sits in a key wildlife and biodiversity zone that is home to sheep and elk. Shell has a six to eight week window where we can complete our work due to the wildlife land use guidelines that exist in protected zones.

THE MONTANE ELK PROJECT

SHELL CANADA WINS AN EMERALD SHARED FOOTPRINTS AWARD FOR SPONSORSHIP OF THE MONTANE ELK PROJECT.

Annually, Alberta's Emerald Foundation recognizes extraordinary achievements Albertans make in protecting, enhancing and sustaining the environment.

When industry builds a well-pad, they need access roads to get to those well-pads. The problem: elk, grizzly bears and other wildlife are highly sensitive to roads; more than roughly 12 cars a day cause these animals to modify their behaviours and impact the health of the animal.

Roads pose a big problem, but as we all know from our rush hour commutes, roads are a critical aspect of modern transportation. Predicaments like this are what spurred the creation of the Montane Elk Project, which dared to ask the question: How does human activity impact animals in the Waterton area?

The Montane Elk Project—a collaborative Project uniting partners from Shell, academia, government, environmental non-government organizations and other industries—was aimed at gaining a better understanding of how industry and governments throughout the world can mitigate human wildlife conflicts.

This research resulted in new methods of mitigating the ecological effects of energy development on the environment. One of the studies conducted by the Montane Elk Project made a recommendation to industry that a better Traffic Management System was needed.

Shell, in turn, used this data to develop integrated Land Management Systems which promote the sharing of roads with the ranching and timber-harvesting industries to decrease traffic volumes.

In addition, Shell employees and contractors carpool, convoy or bus to and from site when possible, to reduce traffic effects on wildlife.

IN CONSULTATION WITH THE PROVINCIAL GOVERNMENT, SHELL CONTINUES TO ADHERE TO THE CASTLE ACCESS MANAGEMENT PLAN, GATING ACCESS TO SENSITIVE AREAS AND RECLAIMING OLD ACCESS ROADS. THIS REDUCES SHELL'S OPERATIONAL FOOTPRINT AND REDUCES CONFLICT AND IMPACTS TO WILDLIFE THROUGH TARGETED ACCESS AND TRAFFIC MANAGEMENT MEASURES.

These methods have been highly effective at reducing traffic volume and effects on wildlife, particularly elk and grizzly bears. Government advisories on the gates state that the area is a restricted access road, and as long as those gates are respected, they limit the access to that small area.

"This is a perfect example of the power of collaboration," said Ryan Smith, Environmental Planner, Shell Canada. "Through the vision and innovation of Roger Creasey, who initiated the Montane Research Program, the project team was able to acquire quality data about animal behaviours. This provides government and industry with a valuable tool to mitigate impacts to wildlife through avoidance or impact reduction by tailoring the development schedule accordingly (e.g. traffic volumes, traffic patterns)."

Southwest Alberta has been an important oil and gas industry location for over 50 years, and it is important to industry and government to understand their impact on the area. No study of this extent has ever been done in the area. Over seven years, researchers have captured and radio-collared elk in seven different winter ranges in southwest Alberta, making this the world's largest radiotelemetry study on elk.

Shell Canada makes creating a sustainable industry through responsible development a top priority. "This is a great testament to Shell's sustainability efforts and our core values as a responsible developer and producer of energy," said Glen Sine, Foothills development manager, Shell Canada.

Before undertaking any project, Shell considers each project independently, from the geology to the surrounding environment and communities, designing our activities around our five aspirational Onshore Operating Principles. One of these key principles is: Reduce our operational footprint.

These principles are designed to reduce risk to the environment and keep those living near our operations safe. For a detailed list of all five of our aspirational operating principles, please visit www.shell.com/operatingprinciples.

For a full list of Emerald Award recipients, please visit www.emeraldfoundation.ca. To find out more specifics regarding the Montane Research Program and its continued research, please visit www.montaneelk.com.

CONNECTING WITH THE COMMUNITY AT SEPTEMBER'S OPEN HOUSE

Shell held a well-attended open house at the Twin Butte Community Hall on Thursday, September 12, 2013 to showcase all of our past, present and proposed projects in and around our local Gas Plant. Many Shell representatives were on hand to answer questions and collect feedback on drilling and processing operations, local environmental concerns and gas well remediation efforts.

A key focus during the open house was providing you with the facts around our conditionally approved Waterton 68 1.2 kilometer dual pipelines, which we'll begin constructing in the spring. The pipelines will access an existing well, which was completed in 2011.

"In addition to employing more than 130 people at Shell Waterton, we support the community in more ways than one through many of our social investment initiatives," explained Amber Bassen, Communications Advisor with Shell. "Aside from having the chance to profile how we give back, the open house was an opportunity to connect with the community and not only display local projects that we're proud of, but to hear your concerns that help to shape how we grow with our community."

In reviewing some of the community input, we were pleased to hear that many of you found the event both valuable and informative and that you

prefer receiving updates on our complex through this forum. So keep your eyes peeled, as we'll be sure to host future open houses in your area to maintain the strong relationships we have with the community.

