LNG Supply and Demand:
“the Greater Middle East Paradox”
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Crews Strike Natural Gas In North Sea

LONDON. — Drilling crews have struck natural gas in the North Sea 52 miles off the English Coast, the British Petroleum Co. (BP) announced today.

The gas is in commercial quantities, but the well is being drilled deeper in the hope that a larger amount will be found. Drilling is taking place from a Texas Tower platform.

A year ago the British government granted licenses for petroleum exploration in the North Sea to 27 companies. The strike by BP was the first reported in the 100,000 square mile section of the North Sea allotted to Britain by international agreement.

The search for oil in the North Sea attracted many companies after natural gas deposits were found at Groningen, the Netherlands, in 1959. Traces of natural gas have been found off Germany.

A spokesman for BP said the chances of finding a trace of oil or gas from a well was 1 in 15 and of finding it in commercial quantities 1 in 50.
Japan extracts gas from methane hydrate in world first

Japan says it has successfully extracted natural gas from frozen methane hydrate off its central coast, in a world first.

Methane hydrates, or clathrates, are a type of frozen "cage" of molecules of methane and water.

The gas field is about 50km away from Japan’s main island, in the Nankai Trough.

Researchers say it could provide an alternative

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Japan's most powerful earthquake since records began has struck the north-east coast, triggering a massive tsunami.
NUMBERS OF COUNTRIES IMPORTING LNG EXPECTED TO ALMOST DOUBLE BETWEEN 2010 AND 2020

<table>
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<tr>
<th># COUNTRIES</th>
<th>1990</th>
<th>2000</th>
<th>2010</th>
<th>2011*</th>
<th>2020 EST</th>
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<td>9</td>
<td>11</td>
<td>24</td>
<td>25</td>
<td>~40</td>
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</tbody>
</table>


* Source: PFC Energy (2011 Actuals)
GLOBAL LNG DEMAND (EXCL. NORTH AMERICA)

ROBUST GROWTH FOR LNG DEMAND;
MORE THAN HALF OF THIS GROWTH COMING FROM EMERGING AP/ME MARKETS

* Source: Shell Analysis
MENA-SA: A GLOBAL LEADING GAS SUPPLIER

Natural gas reserve, by region

Source: BP Statistical review / CEDIGAS

World total and MENASA Production

Source: BP Statistical review / CEDIGAS
IT IS ALSO A GROWING GAS CONSUMER, OUTPACING OTHER MARKETS

Source: BP Statistical review /CEDIGAS
US EXPORTS: GAME CHANGER?

INDUSTRY LNG EXPORT PLANS

- Kenai LNG
- Valdez
- Canada LNG
- Kitimat
- BC LNG
- Jordan Cove
- Oregon
- Freeport
- Corpus Christi
- Gulf Coast
- Lavaca Bay
- Sabine Pass
- Lake Charles
- Cameron
- Gulf LNG
- Port Arthur
- Cove Point
- Elba Island
- USA GoM + East Coast potential 2025: ~130mtpa

Canada + US West Coast potential 2025: ~30 mtpa

- LNG Production
- LNG export facility – application filed
- Sanctioned

- If all proposed projects go ahead over 130 mtpa will be introduced in the market.
- This represents 30% of global LNG supply by 2020. Shell estimates 50% of this to be actually on stream by 2020.
For Floating Storage and Regasification Unit our experience in Dubai has shown this can significantly reduce construction time for regas to 18 - 24 months.
POLITICS - LNG MARKET ENABLER?

** Source: FACTS global
LNG MARKET DYNAMICS

Lowest transaction cost
(Technical and non-technical)

- Market forces
- Technology
- Supply discoveries
- New Entrants
- Environment/Politics
- Accessibility
Leveraging Shell’s scale + market growth

- Technology and project delivery capabilities
  - Potential doubling of capacity
  - 2012: ~0.8* mboe/d; 20 mtpa LNG

INDUSTRY-LEADING INTEGRATED GAS PORTFOLIO

CAPEX

<table>
<thead>
<tr>
<th>Year</th>
<th>CAPEX</th>
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<tbody>
<tr>
<td>2012</td>
<td>$8.2b</td>
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<tr>
<td>2013</td>
<td>$8.2b</td>
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RESOURCES

- 8.2 billion boe
- Includes feedgas from non-integrated ventures

SHELL GLOBAL LNG GROWTH

- Million tonnes per annum
- 2007: 15 mtpa
- 2012: ~20 mtpa
- ~2020+: 30+ mtpa

* includes feedgas from non-integrated ventures