

Shell Exploration & Production



Shell Exploration & Production Natural Gas Star Program Overview

Greg Southworth, PE
Staff Environmental Engineer

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Shell E&P U.S. Overview



Rocky Mtn
100 wells
900 bpd
150 MMCF/day

Operate in 3 states & GOM
Approximately 1700 employees
600+ Contract Companies



Yellowhammer
Plant
200 MMCF/day



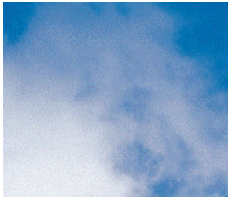
S. Texas
300 wells
3500 bpd
275 MMCF/day



Gulf of Mexico
200 wells; 18 facilities
400,000 bpd
1,300 MMCF/day



Shell Global Commitments



Climate Change

- *Measurement, reporting & verification* ★
- *Energy management* ★
- *Ending continuous flaring & venting* ★
- *Developing new technologies to capture and store CO2*
- *Accounting for carbon costs in new investments* ★
- *Being a leader in trading GHG allowances in emerging international markets*

Sustainable Development



- *Social Responsibility (people)*
- *Economic Prosperity (profit)* ★
- *Environmental Management (planet)* ★

Global Minimum Standards

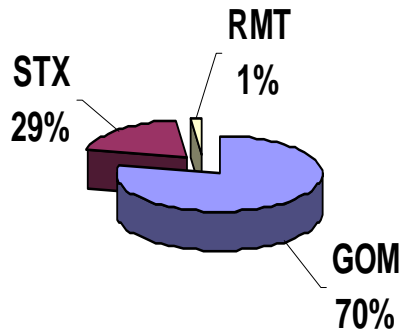


- *ISO 14001*
- *Energy management plans* ★
- *Ending continuous flaring & venting* ★
- *Elimination of halons & CFCs*



Shell E&P U.S. – CH₄ Emissions

Methane Emissions by Operating Area

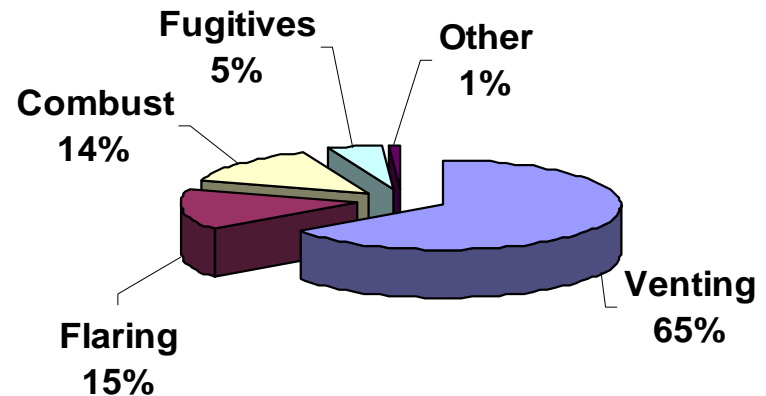


2003 Total Methane Production = 781 BCF

2003 Total Methane Emissions = 0.34 BCF

Emissions/Production = 0.05%

Methane Emissions by Activity



Gulf of Mexico Venting accounts for approx. 50% of total SEPCo methane emissions

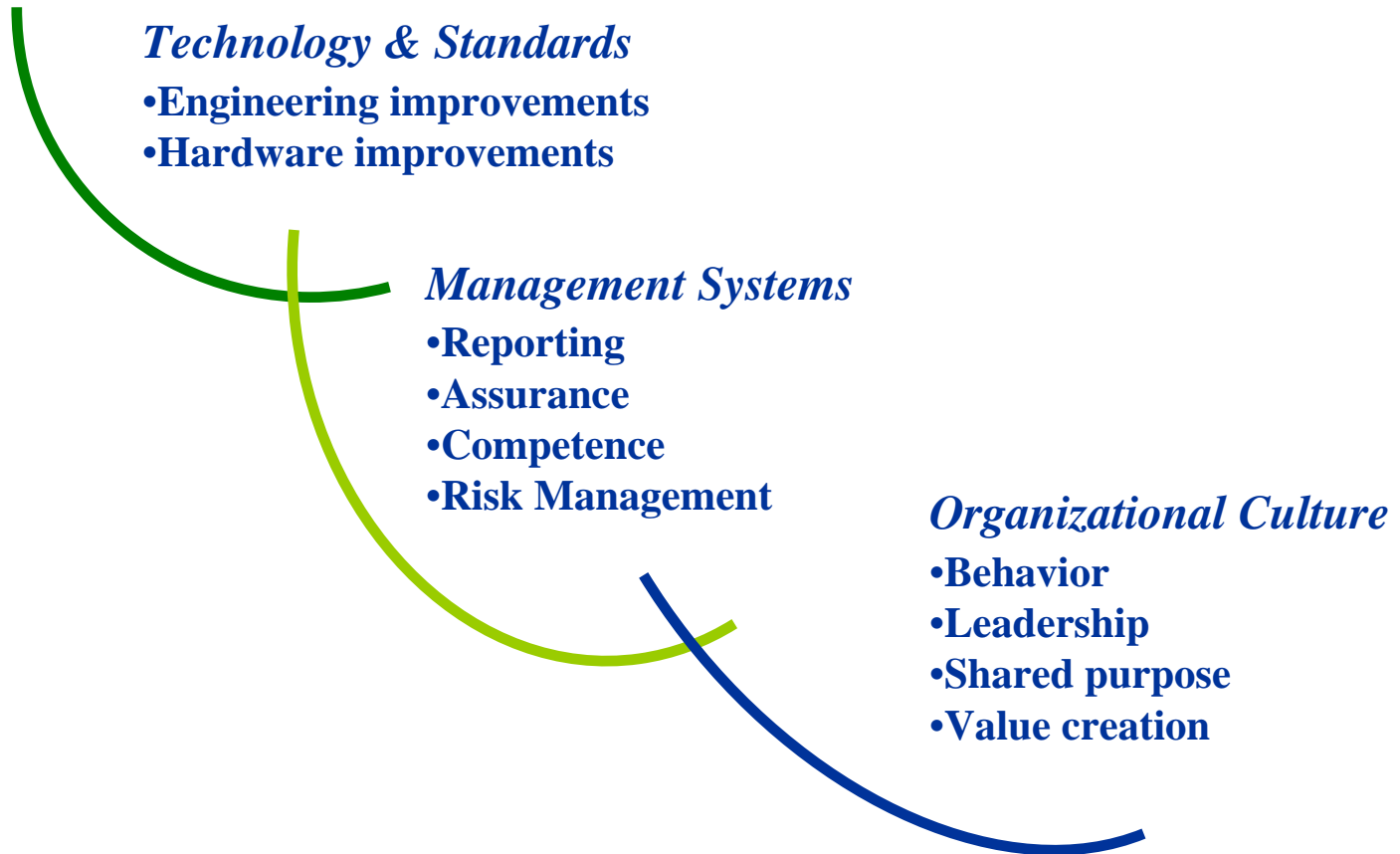
Approximate value of 2003 Methane emitted = \$1.02MM



Offshore Natural Gas Star Activities

HSE Evolution

Emissions



Time



Offshore Natural Gas Star Activities

HSE Evolution

Emissions



Time



Ursa Shutdown Planning

- Ursa production impacted by gas plant maintenance shutdown
- Goal “no oil curtailed and no flaring of gas”
- Shared purpose among platform, pipeline company, & plant



Results:

- No flaring
- 1.2 BCF of methane not emitted
- \$3.7MM in benefit



Auger Flare “Re-light”

- Auger flare igniter malfunction; pilot extinguished
- In compliance with regulatory requirements
- Decision: wait until July shutdown or initiate temporary solution?

AUGER



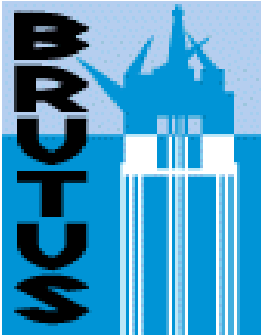
Results:

- Initiated temporary “re-light” of flare in April
- 36 MMCF of methane not emitted



Fuel Reduction & Energy Management..

- Initiated energy management plans in 2004
- Primary focus is reducing fuel use and CO2 emissions

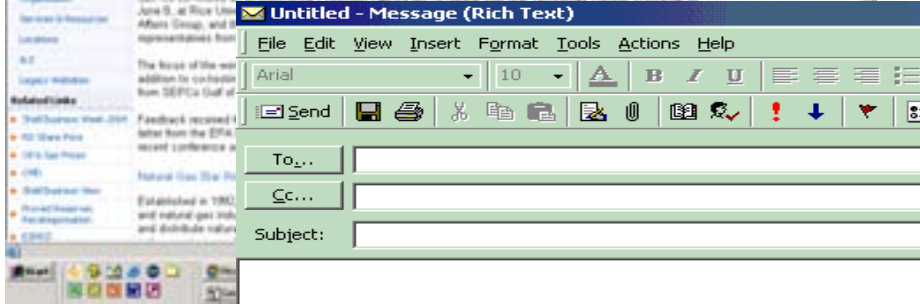


Results:

- Early wins:
 - Brutus compressor optimization – 200 MCF/day fuel savings
 - Auger turbine management – 350 MCF/day fuel savings
- 12,000 tonnes CO2 reductions
- 95 MCF of CH4 reductions



Recognition & Communication



Greg Southworth
Stf Environmental Engineer, EP Americas

Shell Exploration & Production Company,
One Shell Square
P. O. Box 61933, New Orleans, LA 70161-1933
United States of America
New Orleans

Tel: +1 504 728 6088 **Fax:** +1 504 728 4573
Email: greg.southworth@shell.com <<mailto:greg.southworth@shell>>

Per applicable service agreements

SEPCo is an EPA Natural Gas STAR Partner



SEPCo is an EPA Natural Gas Star Partner Company



What is Natural Gas Star?

A voluntary partnership between EPA & the Natural Gas Industry to identify & implement cost-effective, methane emission reductions.



Why do we participate?

- Critical component of RD/ S commitment to reduce greenhouse gas emissions
- Allows SEPCo to share best practices for reducing methane emissions
- Provides a mechanism for tracking & reporting methane emissions reductions
- API member companies committed to 100% participation

More Information...

- SEPCo Participation – Contact SEPCo Environmental Engineering
- EPA Gas Star Program – www.epa.gov/gasstar



Future Activities

Continued Evolution

Emissions

Technology & Standards

- Continue to identify & implement new technology

Management Systems

- Utilize targets to drive improvements
- Continually improve reporting

Organizational Culture

- Reward successes
- External communication



Time



Questions?

