

# SHELL OIL

A record of environmental and corporate malfeasance

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## EXECUTIVE SUMMARY

Shell Oil Company cannot be trusted to safely drill in the Arctic Ocean, an extreme yet delicate and irreplaceable American treasure. Behind the company's slick public relations campaign is a disturbing history that cannot be ignored as they rush to drill in one of the country's last wild frontiers.

An examination of Shell's operations around the world makes it clear that the company operates with a brazen disregard for the safety of its own workers, the needs of local communities both here in the United States and internationally, and the long-term impact of drilling on the environment. Instead of taking responsibility for its actions, Shell simply pays fines and settles lawsuits. It seems that Shell considers lawsuits and clean-up costs just part of doing business, consequences to be paid while avoiding substantive changes to its operations that might interfere with the company's efforts to maximize its already immense profits.

### Brazen Disregard for Worker Safety

Shell Oil has one of the worst safety records of any company operating in either the United States or the United Kingdom, with high fatality rates and inadequate safety preparation and planning.

**United States.** A review of 2007 data found that Shell had the highest mortality rate of any large western oil company in the United States. In Washington state, after a blast at Puget Sound refinery killed six workers in 1998, Shell claimed to clean up their act. However, a review of Shell's workforce safety and health record in Washington shows repeated problems with employees exposed to fire, explosions and toxic release hazards, and a lack of proper safety equipment and training. In California, a series of personal injuries to Shell and contract workers that included serious burns from hot slurry oil - show a brazen disregard for safety.

**International.** Shell's international operations have come under scrutiny as well. The company's North Sea operations have one of the worst safety records of any oil company operating in the UK, violating safety rules 25 times from 2005 to 2011 and spending at least £1 million (\$1.5 million)<sup>i</sup> in fines and legal costs. Shell's irresponsibility led to at least two preventable deaths, and forced a safety consultant hired by the company to publicly state that unless improvements were made "another major accident is inevitable." The consultant noted that the company's operations in the North Sea encouraged "a behavior of non-compliance" with safety rules and regulations. The company's UK operations were investigated 207 times from 2006 to 2008.

The company's inadequate international safety efforts were highlighted more recently in December 2010, when an accident at Shell's Draugen well in Norway damaged the well's valve tree and left it with only one barrier remaining to prevent an oil spill. Though Shell claimed that the incident was not "serious" or in need of further scrutiny, an investigation by the Norwegian Petroleum Safety Authority found a series of safety concerns, including inadequate management, risk assessment, well barriers, well

#### BY THE NUMBERS

**#1 mortality rate** of any large western company in the US in 2007

**£1 Million (\$1.5 million)<sup>i</sup>** paid in fines and legal costs in the UK from 2005 to 2011

**25 violations** of safety rules over six years in UK

**Investigated 207 times** from 2006 to 2008 -- more than any other oil company in the UK

**Fined at least \$141,450** by OSHA since 2002.

barrier sketches, well control and daily reporting of drilling and well activities, all of which led to what the agency termed a “major accident situation.” Shell followed a “quick-fix philosophy,” Ole-Johan Faret, spokesperson for Norway’s Petroleum Safety Authority, said in an interview. “It is very clear that this is not an appropriate way to plan.”<sup>ii</sup>

**Blatant Disregard for the Rights of Local Communities**

Shell has a long track record of human rights violations and corporate malfeasance, both internationally and domestically.

**Ogoniland, Nigeria.** The best example of Shell’s blatant disregard for the rights of local communities and human dignity is in Ogoniland, Nigeria, where the company’s close and complicated relationship with the Nigerian police and military led to a wide range of human rights violations. In 2009, court documents alleged that Shell colluded with the Nigerian government to silence environmental and

BY THE NUMBERS
<b>2,000 community activists dead</b> after protesting Shell operations in Nigeria
<b>\$450 million</b> settlement with SEC for fraudulent crude oil trades
<b>\$1 million</b> paid to settle price gouging lawsuit in minority communities

human rights workers in Nigeria’s Ogoni region, including direct involvement in the death of six activists. The documents also charge that Shell officials helped furnish Nigerian police with weapons, participated in security sweeps of the area, and asked government troops to shoot villagers protesting the construction of a pipeline that later leaked oil. In 2009, Shell agreed to a \$15.5 million settlement that covered claims that the company was involved in a campaign against local community activists that led to 2,000 dead and 30,000 homeless, admitting no wrongdoing in the matter.

**United States.** Although the company’s worst offenses are overseas, Shell also has a long record of financial irregularities and corporate malfeasance here in the United States. In 2000,

Shell settled a class action lawsuit brought by members of communities on the East Side of Cleveland. The communities alleged that Shell charged more for gas in predominantly black areas than on the city’s West Side. As part of the settlement, Shell paid \$700,000 for lawyers’ fees and donated \$350,000 to the United Negro College Fund.

Then in 2001 the company was forced to pay the government \$110 million for underpaying royalties on federal lands, and in 2004 its overstatement of oil reserves caused an international scandal and resulted in a \$450 million settlement with shareholders. The company was fined for conducting “pre-arranged” crude oil trades on the New York Stock Exchange in 2006.

**Worldwide Record of Serious, Significant Environmental Violations**

Shell Oil has one of the worst environmental records in the world. The company has a long history of egregious environmental violations both internationally and in the United States, with multiple serious and significant violations taking place in just the past three years.

**International.** In 2008 and 2009, the company’s trans-Niger pipeline in Ogoniland, Nigeria, had two breaks that caused approximately 10 million gallons of oil to be

BY THE NUMBERS
<b>10 million gallons of oil spilled</b> in Nigeria in 2008 and 2009
<b>4,380 barrels<sup>iii</sup> of oil spilled</b> in the North Sea over 10 days in 2011
<b>Fined \$500,000 for five toxic releases</b> near schools in Harris County, Texas
Almost <b>\$1 billion in fines</b> throughout the 1990s in the United States

spilled – an environmental disaster equivalent to the Exxon Valdez oil spill in 1989. After an attempt to appease local populations with £3,500 (\$5,400)<sup>i</sup> together with 100 bags of rice and beans and a few cartons of sugar, tomatoes and groundnut oil, the company finally accepted responsibility for the spill in 2011 and agreed to pay hundreds of millions of dollars in restitution. In 2011, Shell’s drilling operation was responsible for the worst underwater oil spill in the UK in a decade, spilling as much as 4,380 barrels<sup>iii</sup> of oil into the North Sea over 10 days. Shell failed to report the spill to regulators until two days after it began. The company is currently under criminal investigation by Scottish authorities for that spill.

**United States.** In September 2011, Shell was fined \$500,000 for failing to report five toxic releases at the Deer Park refinery in Harris County; the facility is close to two schools and multiple communities. In 2010, two Shell subsidiaries were forced to pay \$3.3 million in civil penalties to the government and spend \$6 million to install pollution reduction equipment at refineries in Louisiana and Alabama. In addition, four years earlier, the company was fined \$6.5 million for more than 50 environmental violations in Riverside, California.

### **The future of America’s Arctic**

Despite repeated unrealistic and dubious claims by Shell that they are able to quickly and effectively respond to a spill in the Arctic should one occur (an event that they term as “extremely unlikely” despite government estimates to the contrary), there is concern both within government and without about the company’s ability to respond and the impact if their response plans fail.

Admiral Robert Papp, Commandant of the Coast Guard, has said that the government is not prepared to respond to an oil spill in Arctic waters if a drilling company fails to control its own well. Papp stated during a congressional hearing that if the Deepwater Horizon disaster were “to happen off the North Slope of Alaska, we’d have nothing.” In 2010, the National Oceanic and Atmospheric Administration (NOAA) urged the Obama administration to stop issuing leases in the Arctic because of concerns about preparedness. The most recent spill cleanup drill to occur on Alaska’s Arctic Coast, in 2000, was deemed a complete failure as standard methods of oil spill cleanup were thwarted by the presence of sea ice. As many other experts have asserted, there is no proven way to clean up an oil spill in the Arctic’s icy, extreme conditions.

Meanwhile, the Inupiat people of Alaska’s Arctic coast stand to lose everything if Shell’s plans to drill move forward. With an international track record that shows a wanton disregard for environmental, economic or human impacts, the Obama administration must not allow Shell to drill in America’s Arctic Ocean without a proven spill response plan and without enough information about the Arctic’s marine environment to proceed safely.

## **BRAZEN DISREGARD FOR WORKER SAFETY**

In public documents, Shell stresses the importance of worker safety, stating: “Safety is always our top priority. We aim to have zero fatalities and no incidents that harm people, or put our neighbors or facilities at risk.”<sup>iv</sup> Despite these claims, Shell Oil has one of the worst safety records of any company operating in either the United States or the UK, with high fatality rates and inadequate safety preparation and planning. This record raises serious concerns about any claims Shell might make about business operations going forward in the Arctic or other parts of the world.

### **US Workforce Deaths and Labor Violations**

A review of 2007 data found that Shell had the highest mortality rate of any large western oil company in the United States. The company’s safety record continues to raise concern among government regulators.

**2007: Royal Dutch Shell had highest mortality rate of any large western oil company.** According to an article in the Times-Picayune: “Shell has had more trouble curbing fatalities than many of its competitors. The Financial Times reported...that Royal Dutch Shell had the highest mortality rate of any large western oil company, with two employees and 28 contractors dying in the line of duty in 2007. That compared with the deaths of three employees and four contractors for BP, and eight contractors for ExxonMobil, according to the publication. Frost said Shell has implemented more rigorous training programs and has seen fatalities drop significantly as a result. The thirty people who died while working for Shell in 2007 is a vast improvement from the 67 people who died working for the company in 1997. Shell describes its efforts to eliminate on-the-job fatalities as ‘Goal Zero.’”<sup>v</sup>

**2001: Joint venture of Shell and Texaco fined \$10 million for gasoline pipeline rupture, which killed three—largest penalty ever proposed against natural gas pipeline operator.** According to an article in the Houston Business Journal: “Houston-based Equilon Pipeline Co. was slapped last week with \$10 million in state and federal environmental fines for the 1999 rupture of a gasoline pipeline in Bellingham, Wash., resulting in three fatalities. Equilon also faces a \$3 million fine issued last year by the DOT -- the largest penalty ever proposed against a pipeline operator in the history of the federal pipeline safety program. The El Paso penalty is the largest ever proposed against a natural gas pipeline operator. Equilon, a joint venture of Texaco and Royal Dutch/Shell, was majority owner of Olympic Pipeline Co, operator of the Bellingham pipeline at the time of the accident. Since then, BP has taken control of Olympic Pipeline. Both El Paso and Equilon were charged with violating numerous safety requirements in the operation of their respective pipelines.”<sup>vi</sup>

**1998: Blast killed six workers at Shell refinery.** According to an article in the Seattle Times: “A blast killed six workers at Shell’s Anacortes refinery in 1998, but ‘since that time the safety record has been really good,’ said Sibley.”<sup>vii</sup>

### **International Workforce Deaths and Safety Concerns**

Shell’s operations in the North Sea have one of the worst safety records of any oil company operating in the United Kingdom. Shell has violated safety rules 25 times from 2005 to 2011, which led to at least two preventable deaths, and forced a safety consultant hired by the company to publicly state in 2006

that unless improvements were made “another major accident is inevitable.” The company also faced charges that it regularly falsified safety reports.

The company’s inadequate safety efforts were highlighted more recently in December 2010, when an accident at Shell’s Draugen well in Norway damaged the well’s valve tree and left it with only one barrier remaining to prevent an oil spill. This situation was described by the Norwegian Petroleum Safety Authority as a “major accident situation.”

### **UK’s North Sea**

A review of recent safety records for North Sea drilling operations found that Shell has one of the worst safety records of any oil company operating in the UK, violating safety rules 25 times in six years. The company has been prosecuted four times since 2005. The company has been fined and formally reprimanded for repeatedly failing to maintain pipelines and other vital equipment in the North Sea, for failing to report a dangerous incident, and for failing to protect workers from hazardous chemicals.

In 2006, after a court ruled that two deaths on Shell’s Brent Bravo rig could have been prevented if appropriate repairs had been applied, a safety consultant hired by the company, Bill Campbell, stated that he was “sorry to have to go public on this but ... if improvements are not undertaken another major accident is inevitable.”<sup>viii</sup> He noted that workers on the Brent Bravo rig falsified maintenance records for critical safety equipment and failed to comply with routine maintenance efforts on Shell’s offshore platforms as far back as 1999.

Finally, he noted that Shell offshore workers used an acronym TFA - Touch Fuck All - to describe among themselves a directive not to meddle with equipment in order to focus on keeping things working. Campbell’s final report concluded that “directives such as TFA encourages a behavior of non-compliance” among Shell workers.

**2011: Shell had one of worst safety records of any oil company in UK, broke safety rules 25 times in six years.** According to an article in the Sunday Herald: “Shell has been officially censured for breaking safety rules 25 times in the last six years and has one of the worst safety records of the major oil companies in the UK...The British oil multinational has been prosecuted, fined and formally reprimanded for repeatedly failing to maintain pipelines and other vital equipment in the North Sea, for failing to report a dangerous incident, and for failing to protect workers from hazardous chemicals.”<sup>ix</sup>

**2011: Since 2005, Shell has been prosecuted four times.** According to an article in the Guardian: “Since 2005, Shell has been prosecuted four times: for an explosion at Bacton gas terminal...an accident at Ellesmere Port...a collision at the Mossmorran gas plant...and a fatality on the Clipper rig in the North Sea. The company has been forced to pay out nearly £1 million (\$1.5 million)<sup>i</sup> in fines and legal costs. No other major oil company has faced as many prosecutions in the last six years...Talisman was prosecuted twice in the period, while BP, Total, Amec and Nexen were each prosecuted once...”<sup>x</sup>

**2009: Shell fined £300,000 (\$465,000)<sup>i</sup> over deficiencies in fire safety at Shell Centre in central London.** According to an article in the Guardian: “Shell International was fined £300,000 (\$465,000)<sup>i</sup>...over deficiencies in fire safety at the Shell Centre in central London, London Fire Brigade (LFB) said. The company was also ordered to pay £45,000 (\$70,000)<sup>i</sup> in costs. It pleaded guilty at Inner London crown court to three breaches of the Regulatory Reform (Fire Safety) Order 2005. It was the largest fine imposed under the measure. The LFB prosecution followed two small fires in three weeks at

the Shell Centre on York Road, Waterloo. Fire officers found extensive breaches, including blocked escape routes and fire exits, defective fire doors, and excessive fire loading.”<sup>xi</sup>

- **London Fire Brigade: “This fine is the largest imposed under the RRO.** According to an article in the London Fire Brigade: “This fine is the largest imposed under the RRO. The London Fire Brigade prosecuted Shell following two small fires in the space of three weeks...The Inspecting Officers found extensive breaches including blocked escape routes and fire exits, defective fire doors and excessive fire loading. The fire loading in the Shell Tower had been dramatically increased because of refurbishments taking place in the upper floors. The deficiencies were so severe the London Fire Brigade served a prohibition notice on Shell which restricted the use of the Shell Tower and basement levels.”<sup>xii</sup>
- **Report found Shell’s fire risk assessment hadn’t been reviewed since 2003.** According to an article in London Fire Brigade: “It was also discovered that Shell’s own fire risk assessment had not been reviewed or updated since March 2003. The 2003 fire risk assessment had identified some of the same failings that were observed during the 2007 inspection. For around 3 and a half years, the condition of the general fire precautions within the Tower deteriorated with the matters identified by the 2003 fire risk assessment getting worse. On average a new risk assessment should be updated every year. Assistant Commissioner Steve Turek said; ‘Shell failed to respond properly to their risk assessment for three and a half years and had it not been for the fires which led to the inspection, it could have been considerably longer. Had Shell acted upon the findings of the 2003 risk assessment at the time, they would have avoided putting their staff at risk.’”<sup>xiii</sup>

**2008: Shell fined \$230K for “failing to manage...readily foreseeable hazards,” which resulted in worker’s death.** According to an article in Upstream Online: “Shell and service player Amec were each fined £150,000 (\$230,000) after an Amec worker died during operations at Clipper. An inspector with the UK’s Health & Safety Executive said in a report the accident had been caused by the two companies ‘failing to manage well known and readily foreseeable hazards,’ and said that, had adequate risk assessments been carried out, the ‘accident could have been avoided.’”<sup>xiv</sup>

- **Employee died after 20 foot fall while repairing stairwell.** According to an article in BBC News: “Two multi-national companies have been fined after the death of a gas rig worker off the coast of Norfolk. David Soanes, 59, of Lowestoft, died on 11 November 2005 after falling 20ft while repairing a stair well...Both Shell and AMEC admitted breaching health and safety rules and were each fined £150,000 (\$230,000)<sup>i</sup> plus £41,500 (\$64,300)<sup>i</sup> in costs at Norwich Crown Court...Judge Peter Jacobs said Mr. Soanes was a responsible worker. He said companies like Shell and AMEC had a responsibility to look after their staff in such hazardous working conditions.”<sup>xv</sup>

**2008: Shell’s safety challenged on platform where two men were killed in 2003.** According to an article in the Sunday Times: “Figures from the HSE show that Shell UK was challenged last year over lack of maintenance checks for pipes carrying hazardous hydrocarbons from the Brent Alpha platform. In 2003, a gas leak on the installation killed two men for which the oil giant was fined £900,000 (\$1.4 million)<sup>i</sup>. It was served an improvement notice in 2007 for failing to inform the HSE of safety breaches...According to the HSE, the extractive and utility supply industry, which covers offshore operations, has one of the highest reported injury rates. Last year, almost 800 in every 100,000 employees suffered an injury which forced them off work for at least three days and about 16% of workers were injured by moving objects. ‘The industry is killing two people a year on average and



seriously injuring more than 40,' said Jake Molloy, general secretary of the Offshore Industry Liaison Committee.”<sup>xvi</sup>

**2008: Shell was investigated 207 times from 2006 to 2008 compared with 85 for BP.** According to an article in the Sunday Times: “Oil companies are committing more than 300 safety breaches on North Sea oil and gas rigs every year, raising fresh concerns about dangers faced by offshore workers following the Super Puma helicopter tragedy earlier this month in which 16 people died. Figures obtained by The Sunday Times reveal that inspectors from the Health and Safety Executive (HSE) investigated more than 1,000 incidents between 2006 and 2008. They included evacuating rig workers without supplying them with the immersion suits essential to survival in the North Sea, and failing to maintain gangways and railings, leading to serious injury. Companies such as Shell and BP have been repeatedly investigated for failings such as corroded pipes and steelwork, faulty valves and loose handrails. HSE officials visited 841 offshore installations after 1,042 ‘dangerous occurrences.’ Shell was investigated 207 times and BP 85.”<sup>xvii</sup>

- **Shell insisted safety remained “paramount.”** According to an article in the Press and Journal: “Health and safety experts are called to investigate a serious incident in the North Sea oil and gas sector almost every day, new figures revealed. Between 2006 and 2008 the Health and Safety Executive (HSE) was involved in 1,042 incidents offshore...Shell – investigated by the HSE 207 times in the past three years – insisted that safety remains ‘paramount.’”<sup>xviii</sup>

**2007: Guardian: Shell’s safety record “dismal;” Health and Safety Executive: “Shell has failed to implement a suitably resourced maintenance regime.”** According to an article in the Guardian: “Shell has been repeatedly warned by the Health and Safety Executive about the poor state of its North Sea platforms, according to information obtained by the Guardian. The company's dismal record undermines Shell's public commitment to improve its performance after a fatal explosion on the Brent field in the North Sea in 2003 and raises further concerns about Britain's ageing oil and gas equipment. As recently as November 13, Shell - one of Britain's largest companies - was served with a rebuke and a legal notice that it was failing to operate safely. ‘Shell has failed to implement a suitably resourced maintenance regime to achieve compliance with their maintenance strategy. This has led to an excessive backlog of maintenance activities for safety critical equipment,’ says the HSE's improvement notice number 300463514, covering the Clipper 48 platform in the southern North Sea.”<sup>xix</sup>

- **In years prior, Shell was repeatedly warned of safety issues.** According to an article in the Guardian: “Shell was served with a similar notice, on September 1, about the state of facilities on the Leman A platform in the central North Sea. The HSE notice 300331067, said: ‘Lifting equipment was not being adequately maintained through the rigging loft. The AK gantry cranes were inadequately maintained. On-site control of lifting operations was seen to be inadequate.’ And on July 27 last year, Shell was told by the North Sea safety regulator it had ‘failed to ensure the health and safety of your employees and others by failing to ensure that the 12-inch oil export pipework P-137-1106Y, so far as is reasonably practicable, has been maintained in an efficient state, in efficient working order, and in good repair.’ This notice - 300319346 - is particularly damaging because it relates to a platform on the large Brent field.”<sup>xx</sup>

**2007: Aberdeen sheriff ruled Shell could have prevented fatal accident with proper repairs.**

According to an article in the Guardian, “Just eight days before this notice was served, an Aberdeen sheriff's court had ruled in a fatal accident inquiry that Shell could have prevented the two deaths if it had properly repaired a hole in a corroding pipe on a Brent platform. Shell had earlier admitted

responsibility for this accident but on the day of the sheriff's report, the Offshore Industry Liaison Committee complained that the Brent Bravo platform still had leaks, dangerous stairs, and lifts left broken for six months. Last summer Shell insisted it was in the middle of a \$1 billion (£515 million) programme to upgrade its platforms, saying: 'Safety is and will remain our first priority.'"<sup>xxi</sup>

**2006: Senior safety consultant expressed concern over safety beginning in 1999: "I'm sorry to have to go public...but...another major accident is inevitable."** According to an article in the Guardian: "Shell has been plunged into a major safety scandal with a senior consultant to the company telling the Guardian that maintenance documents have been falsified and safety procedures ignored in the North Sea. Bill Campbell, who worked directly for Shell for 24 years, says he brought his concerns to the attention of directors as far back as 1999 - and again in 2004 - but still feels safety is compromised. 'I am sorry to have to go public on this but if the current safety regime demonstrated by the Brent Bravo (fatal accidents) case study has failed and if improvements are not undertaken another major accident is inevitable,' he said."<sup>xxii</sup>

- **Safety official's report highlighted "Falsification of maintenance records for safety critical equipment...inappropriate attitudes, skills and behaviour...non-compliance with routine maintenance."** According to an article in the Guardian: "Shell was fined £900,000 (\$1.4 million)<sup>i</sup> after pleading guilty to safety lapses on the Brent Bravo platform following an accident in 2003 when the facility was hit by a gas leak in which two oil workers died...Mr. Campbell says he wanted to put his evidence to the sheriff's inquiry but was unable to gain entry. Lapses on Brent Bravo were similar to the kind of wider problems he had raised in the Platform Safety Management Review he was asked to undertake on all Shell's North Sea platforms with a team of inspectors in 1999. His report...includes allegations that 'violations include falsification of maintenance records for safety critical equipment.' It also talks about 'inappropriate attitude, skills and behaviour' and 'non-compliance with routine maintenance' on Shell's offshore platforms back in 1999."<sup>xxiii</sup>
- **Shell directive "encourages a behaviour of non-compliance."** According to an article in the Guardian: "It mentions that Shell offshore workers used an acronym TFA - Touch Fuck All - to describe among themselves the need not to meddle with equipment but keep things working. The report by Mr. Campbell's team concluded: 'Directives such as TFA encourages a behaviour of non-compliance - the Brent TFA acronym is a potential reputation liability.'"<sup>xxiv</sup>
- **2006: Former senior safety consultants claimed Shell operated unsafe regime, alleged document falsification.** According to an article in the Guardian: "Shell was embarrassed when Bill Campbell, one of its senior safety consultants, claimed the company was operating a weak safety regime and said some employees had been falsifying documents. Shell denied the charges, but Mr. Campbell has been threatening the company with a defamation case."<sup>xxv</sup>

**2006: Health and Safety Executive issued 42 improvement notices to Shell since 1999.** According to an article in the Guardian: "The HSE website shows Shell was issued with 10 improvement notices during 2006...Notices are served where the HSE considers a company is operating unlawfully with unacceptable risks, according to industry experts. The regulator's website suggests that Shell has been served with 42 notices since 1999, while BP, a company of similar size, has received 25. From 2002 to the end of last year among other North Sea operators, Total had been served with four notices, Chevron one and Amerada Hess two. Despite these high numbers, a Shell spokesman said at the weekend the

company had been working hard and successfully to improve its track record. 'Improving our performance is an important priority and we have set ourselves tough targets to do this,' he said." <sup>xxvi</sup>

**2006: Shell CEO: "Our safety performance...remains below best of class in our industry. Our statistics show it. We know it."** According to an article in the Guardian: "Top management at Shell believes the company has a second-rate safety record in the North Sea and has failed to tackle the problem because parts of the organisation are in denial. The revelation in an email to staff from Jeroen van der Veer, Shell's chief executive, comes ahead of today's half-year financial presentation, when he will be under pressure to explain what is going wrong...Mr. van der Veer is blunt about the company's failings. 'Our safety performance has reached a plateau - and remains below best of class in our industry. Our statistics show it. We know it. Are we not trying hard enough, focusing hard enough or haven't we accepted that we have a problem? I think it's a mixture. All these problems are probably part and parcel of the safety problem.'" <sup>xxvii</sup>

- **Shell's CEO had admitted in private email that company had second rate safety record.** According to an article in the Guardian: "Shell came under intense criticism over its safety record in 2006 when a judge ruled that it could have prevented the deaths of two men if it had properly repaired a hole in a corroding pipeline on a platform in the Brent field. In the same year, one of Shell's own safety consultants, Bill Campbell, alleged that safety procedures in the North Sea had been ignored for years. Shell's then chief executive, Jeroen van der Veer, admitted in a private email at the time that the company had a second-rate safety record and pledged to spend substantial sums of money to improve it." <sup>xxviii</sup>

**2006: Sheriff's court ruled Shell could have prevented two deaths in 2003.** According to an article in the Guardian: "Shell was accused of presiding over continuing safety problems on a key North Sea platform yesterday as a sheriff's court ruled that the oil company could have prevented the death of two workers there three years ago. Corrosion was allowing sea water to seep dangerously into the leg of the Brent Bravo production unit while repairs were being hampered by a neglected lift and stairs, said a union official. 'On the very day in which Shell has been criticised for the way it dealt with temporary repairs on Brent Bravo, we have leaks, lifts left broken for six months, and stairs in a dangerous state,' said Jake Molloy, general secretary of the union, the Offshore Industry Liaison Committee." <sup>xxix</sup>

- **Report: "Accident...might...have been prevented if an appropriate temporary repair had been applied."** According to an article in the Guardian: "The revelations came as Colin John Harris, sheriff of the court in Aberdeen, ruled in the fatal accident inquiry report that Shell could have prevented the men's deaths if it had properly repaired a hole in a corroding pipeline on the platform. He said there were also 'defects in the system of working' which contributed to the accident in which Sean McCue, 22, and Keith Moncrieff, 45, lost their lives on September 11, 2003. 'The accident ... might reasonably have been prevented if an appropriate temporary repair had been applied to the hole on the closed-drain degasser rundown line, such as a fully engineered repair and not a repair using a neoprene patch and jubilee clips,' the sheriff concluded." <sup>xxx</sup>
- **Shell: "Safety...will remain our first priority."** According to an article in the Guardian: "The accident has already led to a fine for Shell, which has been under fire from unions and one of its own safety consultants. The firm also failed in this case to set the limits on the work to be done inside the utility shaft of Brent Bravo. The men died from inhaling hydrocarbon vapours while 170m down inside the platform leg inspecting the temporary repair. Shell said it accepted all the

sheriff's criticisms and confirmed it had some continuing problems on the same platform but said it was working hard to sort them out. 'We fully accept the findings. Safety is, and will remain, our first priority. In the three years since this tragic incident we have worked hard to understand the root causes of why it happened and have put measures in place to prevent anything like this happening again.'" xxxi

**2002: Helicopter accident carrying personnel between platform and rig owned by Shell crashed, killing all 11 on board.** According to an article in the Herald Scotland: "In July 2002, a Sikorsky S76 helicopter was ferrying personnel between a platform and a drilling rig, both owned by Shell, when it ditched about 25 miles north-east of Great Yarmouth, killing all 11 on board. It is understood the aircraft remained afloat after ditching." xxxii

### Norway

According to Shell's website, its Norwegian operations are run by Shell Technology Norway (STN), a "subsidiary of A/S Norske Shell, established to develop technology where Norwegian Industry and research institutions have a leading position." Shell's Norwegian website claims "cleaner production," and claims that "reduced discharges and emissions from oil and gas production represent the core of the teams' R&D work." Shell makes a number of claims about its safety measures in Norway, including that "STN works continuously with new technology for modeling, detecting and reducing produced water discharges and their environmental risks; reducing discharges from drilling operations; and detection and response measures for oil leakages and spills." xxxiii

However, despite the company's claims about their safety measures, in December 2010, there was an incident at Shell's Draugen well in Norway. The incident, which was caused by an equipment-related malfunction that damaged the well's valve tree, left it with only one barrier remaining to prevent an oil spill. Despite Shell's conclusion that the incident was not considered to be "serious" or in need of further scrutiny, the Norwegian Petroleum Safety Authority was concerned enough about the incident to conduct a full safety review. They found a series of safety concerns, including inadequate management, risk assessment, well barriers, well barrier sketches, well control, and daily reporting of drilling and well activities, all of which led to what the agency termed a "major accident situation." The agency also found that Shell failed to conduct an adequate risk review and failed to follow internal requirements for staff training. After the completion of the Petroleum Safety Authority review, Shell was forced to overhaul their well procedures to address these concerns.

**May 2011: In aftermath of Shell violations in Norway, Norwegian Petroleum Safety Authority overhauled well procedures.** According to an article in Offshore Energy Today under the headline "PSA Norway Orders Shell to Overhaul Well Procedures after Draugen Incident," Shell "has been ordered to overhaul well procedures on the production platform after breaching a series of regulations. Norway's Petroleum Safety Authority listed a catalogue of shortcomings which contributed to the incident from inadequate management to risk assessment, well barriers and controls and daily reporting of drilling and well activities. The accident happened...when a piece of equipment became wedged in a well as engineers attempted to replacing (sic) a gas valve, leaving only one barrier to prevent an oil spill. The incident 'involved major accident potential,' said the authority." xxxiv

- **Incident occurred in December 2010.** According to an article in Petroleum Safety Authority Norway: "The Petroleum Safety Authority (PSA) has issued A/S Norske Shell (Shell) an order following completion of the investigation of the well incident on Draugen in December 2010.

The incident...occurred in connection with a wireline operation in well 6407/9-A-01 on 4 December 2010. Shell was the operator and Seawell AS (Seawell) was the contractor for the wireline operation.”<sup>xxxv</sup>

- **Press Release: Incident “involved major accident potential.”** According to the article: “The incident did not result in any injury to personnel...however, the incident involved major accident potential in a situation with only one remaining barrier against hydrocarbon outflow from the well.”<sup>xxxvi</sup>
- **“Investigation of the incident identified several serious breaches of the regulations.”** According to the article: “The PSA’s investigation of the incident identified several serious breaches of the regulations. These nonconformities (sic) are related to: inadequate management; inadequate risk assessment; inadequate well barriers; inadequate well barrier sketches; inadequate well control; inadequate daily reporting of drilling and well activities.”<sup>xxxvii</sup>
- **Purpose of report was to “procure a technically independent assessment;” while there were no injuries, “incident involved major accident potential...with only one remaining barrier against...outflow from the well.”** According to a translated copy of the report: “In the investigation of this incident...The objective was to procure a technically independent assessment of the barrier situation and the barrier drawings in the different phases of the incident...The incident did not result in any injury to personnel...however, the incident involved major accident potential in a situation with only one remaining barrier against hydrocarbon outflow from the well.”<sup>xxxviii</sup>
- **Report: “Direct cause of the incident was...subsurface safety valve becoming stuck.”** According to the report: “The direct cause of the incident was that the subsurface safety valve becoming stuck in the Xmas tree. It is not uncommon for damage to valve inserts to occur when extracting equipment from the well. When equipment becomes stuck, there can be increased strain on the equipment due to tugging and pulling to free the toolstring.”<sup>xxxix</sup>
- **Report: “The Petroleum Safety Authority was notified of the incident and considered the incident to be serious and decided to conduct an investigation...”** The identified potential improvements included: “personnel security; competence; the governing documents of the facility; well barriers; cut function in the main valve; securing the tool string.” According to the report: “In connection with Shell’s maintenance on Draugen, the need to replace an inadequate gas lift valve was identified. The objective of the well intervention was to upgrade to a new type of valve that was qualified as a well barrier element. To replace the gas lift valve further down in the well, the subsurface safety valve must be extracted from the well...The Petroleum Safety Authority was notified of the incident and considered the incident to be serious and decided to carry out an investigation activity.”<sup>xl</sup>
- **Report: “An unclear situation occurred” at “the facility.”** According to the report: “The incident was reported by Shell on 12/4/10...and a conference call between Shell and the PSA was held on 12/6/10. Based on its assessment and along with the information discussed during the call, the PSA investigation group was immediately established. An unclear situation occurred on the facility and progress in the operation was put on hold until the company’s plan for continuing the well intervention had been prepared.”<sup>xli</sup>

- **Report: “Shell did not consider the incident to be serious,” or “requiring further follow-up or investigation.”** According to the report: “Shell did not consider the incident to be serious or requiring further follow-up or investigation. The incident was considered closed by Shell in an email received by the investigation group on December 16, 2010.”<sup>xlii</sup>
- **Report: Shell operated with “increased risk level.”** According to the report: “The scope of material damage in the Xmas tree was not known when the toolstring became stuck. No injuries to personnel were registered, and there were no discharges to the external environment due to the incident... During further execution, the company operated with inadequate well barriers in the different phases of the well intervention. This entailed an increased risk level for the activity where well barrier elements in the operation were not sufficiently emphasized. A main cause of this was that the company’s system for using well barrier drawings was not sufficiently developed for all phases of the wireline operation... a situation with deficient management of robustness in connection with the choice of equipment during normalization of the incident occurred. This includes inadequate availability of barriers in the form of valves, weighted well fluid and inadequate staffing of the pump assembly.”<sup>xliii</sup>
- **Report: Activities led to “major accident risk.”** According to the report’s “Potential Consequences” chapter, there were “further activities in the area that were carried out with major accident risk. The main contributors to a major accident situation in the well area were falling objects in connection with rigging up and replacing the tool string. Another high risk was that wireline breaches could result in the toolstring falling uncontrollably inside the well... The company chose to continue the well intervention while also continuing production from the other wells on the facility. In such a situation, with one remaining barrier and the toolstring stuck in the Xmas tree, the company is required to consider the prudence in continuing the operation and the need for shutting down production when normalizing the well intervention.”<sup>xliv</sup>
- **Report: Risk wasn’t “sufficiently assessed.”** The report defined “nonconformity” as the category of observations that the “PSA believes are breaches of the regulations.” According to the report: “In connection with the company’s planning and management of this well intervention, all risk contributors were not sufficiently assessed. The contributors to this were not sufficiently identified in the plans for implementation on the facility. During conversations and when reviewing daily work descriptions, it was identified that the following items constituted deficiencies in the planning and management of the operation: risk factors were not sufficiently highlighted in the company’s well intervention programme... the toolstring obstructed access to relevant barriers during this emergency situation and the possibility of cutting the wireline in an emergency situation... in the event of an escalation of the incident with further loss of well control, a separate action plan for this well intervention had not been prepared... the company’s assessment of the situation entailed that other wells on the facility during this emergency situation with loss of barriers were not shut down... the company’s assessment of the situation entailed that there was no need for an internal investigation.”<sup>xlv</sup>
- **Report: “adequate risk review... was not conducted.”** According to the chapter on deviations regarding “Inadequate risk assessment,” “an adequate risk review with respect to the choice of equipment for rigging, tools, string and mitigation measures... was not conducted... It emerged in conversation and by review of the risk matrix... the need for sufficient height of rigging of the sluice in the well area was not emphasized; the outcome of this type of jamming of BSV in the head tree was not identified in the risk review in advance of the activity... elimination of barriers

was not sufficiently emphasized in the risk review carried out in connection with well intervention requirements.”<sup>xlvi</sup>

- **Report: “Inadequate well barriers during various phases of the well intervention.”** According to the report, another nonconformity was that “there were inadequate well barriers during various phases of the well intervention...It was identified through conversations and a review of the daily work descriptions that the well barriers in three out of nine different phases of the operation were not sufficiently qualified...the barrier situation was deficient.”<sup>xlvi</sup>
- **Report: Inadequate use of well barrier drawings.”** According to the report, another nonconformity occurred when “there was inadequate use of well barrier drawings as regards application and scope of the different phases of the well intervention. During review of documents relating to the wireline operations it was identified that: well barriers drawings in the work description had not been prepared for the different phases of the wireline operations; the well barrier drawing that was used, only described a production well under normal conditions.”<sup>xlvi</sup>
- **Report: “The equipment was inadequately robust for re-establishing the barriers in the event of loss of well control.”** According to the report, another nonconformity occurred when “the equipment was inadequately robust for re-establishing the barriers in the event of loss of well control...it was identified that: the well was a discharge source with a shut-in pressure of 22 bar; in the event of loss of well control the facility does not have a derrick for re-establishing well barriers; in the event of an escalation of this incident, the facility lacks other immediate intervention opportunities; the drilling fluid system on the facility was not used for well control at the time of the incident; the cement pump unit on the facility was not staffed at the time of the incident; the maintenance status of the cement pump unit was not known to the executing personnel.”<sup>xlix</sup>
- **Report: “There is a need to improve the personnel safety when...executing wireline operations.”** According to the report, there was an “improvement item” issued for “personnel safety.” According to the report: “There is a need to improve the personnel safety when rigging and executing wireline operations...There are many risk factors for personnel working in the well area. The Draugen facility is not equipped with a derrick and the module-based tower for wireline operations was not used. It became evident during the investigation that the company had not considered the need for development of solutions that improve personnel safety on the hatch deck.”<sup>l</sup>
- **Report recommended Shell improve internal requirement for conducting regulations courses for personnel.** There was an “improvement item” issued for “conducting regulations courses.” According to the report: “Shell’s internal requirement for conducting regulations courses for personnel in Seawell AS were not complied with...management personnel from Seawell AS on the facility did not satisfy Shell’s internal requirement of completing familiarization courses within the HSE regulations.”<sup>li</sup>
- **Report: “There was a need to improve the company’s use of security arrangement...”** There was an “improvement item” listed for “governing documents on the facility.” According to the report: “There was a need to improve the company’s use of security arrangement depending on the tool string...It emerged in the interviews and the review of the daily job description that

the safety device (cable clamp) was not used in the normalization phase. Risk factors in a situation of cable failure could result in the tool string” falling “uncontrollably with the risk of damaging the valve and the BOP.”<sup>lii</sup>

- **Report: “Incident was so serious.”** According to the chapter of the report entitled “Discussion regarding Uncertainties”: “It was also the opinion of the company that all details regarding the incident could be communicated through conversations on land and through review of documents. Our opinion is that the factors of the incident were so serious that the company’s duty to re-establish well barriers needed priorities...In connection with access to governing documents on the facility, there were different opinions from the supplier of well services compared with the wireline operator’s access to governing documents.”<sup>liii</sup>



## **BLATANT DISREGARD FOR THE RIGHTS OF LOCAL COMMUNITIES**

As part of Shell's efforts to gain approval for their operations in the Arctic, the company has stated that "...in a world where energy needs are increasingly difficult to secure, the need to develop reserves in the Arctic region must nevertheless be balanced with the responsibility to maintain the delicate environment and the region's indigenous cultures."

That statement is flatly contradicted by the company's repeated and blatant disregard for the rights of local communities throughout the world. Despite strong public statements about the importance of addressing social concerns and benefiting local communities, Shell has a long track record of human rights violations and corporate malfeasance, both internationally and domestically, that should raise immediate and serious questions about their ability to protect both the environment and the indigenous communities in the Arctic.

### **Ogoniland, Nigeria**

Internal documents, court statements and WikiLeaks documents reveal the close and complicated relationship between Shell Oil and the Nigerian police and military. In 2009, court documents alleged that Shell colluded with the Nigerian government to silence environmental and human rights workers in Nigeria's Ogoni region, including direct involvement in the death of six activists. The documents also charge that Shell officials helped furnish Nigerian police with weapons, participated in security sweeps of the area, and asked government troops to shoot villagers protesting the construction of a pipeline that later leaked oil. In 2009, Shell agreed to a \$15.5 million settlement, admitting no wrongdoing in the matter.

**2010: WikiLeaks documents reveal Shell's vice-like grip on country's oil wealth.** According to an article in the Guardian: "Campaigners...said the revelation about Shell in Nigeria demonstrated the tangled links between the oil firm and politicians in the country where, despite billions of dollars in oil revenue, 70% of people live below the poverty line...The WikiLeaks disclosure was...seized on by campaigners as evidence of Shell's vice-like grip on the country's oil wealth. 'Shell and the government of Nigeria are two sides of the same coin,' said Celestine AkpoBari, of Social Action Nigeria. 'Shell is everywhere. They have an eye and an ear in every ministry of Nigeria. They have people on the payroll in every community, which is why they get away with everything. They are more powerful than the Nigerian government.' The criticism was echoed by Ben Amunwa of the London-based oil watchdog Platform. 'Shell claims to have nothing to do with Nigerian politics,' he said. 'In reality, Shell works deep inside the system, and has long exploited political channels in Nigeria to its own advantage.'" <sup>liv</sup>

- **In leaked documents, Shell claimed it had inserted staff into all main ministries of Nigerian government.** According to an article in the Guardian: "The oil giant Shell claimed it had inserted staff into all the main ministries of the Nigerian government, giving it access to politicians' every move in the oil-rich Niger Delta, according to a leaked US diplomatic cable. The company's top executive in Nigeria told US diplomats that Shell had seconded employees to every relevant department and so knew 'everything that was being done in those ministries.' She boasted that the Nigerian government had 'forgotten' about the extent of Shell's infiltration and was unaware of how much the company knew about its deliberations." <sup>lv</sup>

**2009: Internal documents and court statements revealed how Shell enlisted brutal military government to deal with protestors in Nigeria.** According to an article in the Independent: “Serious questions over Shell Oil’s alleged involvement in human rights abuses in Nigeria emerged...after confidential internal documents and court statements revealed how the energy giant enlisted the help of the country’s brutal former military government to deal with protesters. The documents...support allegations that Shell helped to provide Nigerian police and military with logistical support, and aided security sweeps of the oil-rich Niger Delta. Earlier this month Shell agreed to pay \$15.5 million (£9.6 million) in a ‘humanitarian settlement’ on the eve of a highly embarrassing US lawsuit.”<sup>lvi</sup>

- **Shell denied wrongdoing, said it settled case to help “reconciliation.”** According to an article in the Independent: “One of the allegations was that Shell was complicit in the regime’s execution of civilians. The Anglo-Dutch firm denies any wrongdoing and said it settled to help ‘reconciliation.’ But the documents contain detailed allegations of the extent to which Shell is said to have co-opted the Nigerian military to protect its interests.”<sup>lvii</sup>
- **Shell likely settled to cover collusion with mobile police force known as “Kill and Go.”** According to an article in the Independent: “The legal settlement came 14 years after the Abacha government hanged nine protesters, including Ken Saro-Wiwa, the environmentalist and writer, after a charade of a trial in 1995. Saro-Wiwa led a successful campaign against Shell in his Niger Delta homeland, even forcing the company to quit Ogoniland in 1993. The campaign focused on environmental devastation and demanded a greater share of oil revenues for his community. As the campaign grew, the Ogoni suffered a brutal backlash that left an estimated 2,000 dead and 30,000 homeless. The documents claim there was systematic collusion with the military and Mobile Police Force (MPF), known as the ‘Kill and Go.’ Shell has always denied this but is believed to have settled in court as a result of the embarrassing contents.”<sup>lviii</sup>
- **Internal document showed Shell asked for “usual assistance” and “real action” from government.** According to an article in the Independent: “In one document written in May 1993, the oil company wrote to the local governor asking for the ‘usual assistance’ as the Ogoni expanded their campaign. There was a stand-off between the Ogoni and the US contractor Willbros, which was laying a pipeline. Nigerian military were called in, resulting in at least one death. Days later, Shell met the director general of the state security services to ‘reiterate our request for support from the army and police.’ In a confidential note Shell suggested: ‘We will have to encourage follow-through into real action preferably on an industry rather than just Shell basis.’ The Nigerian regime responded by sending in the Internal Security Task Force, a military unit led by Colonel Paul Okuntimo, a brutal soldier, widely condemned by human rights groups, whose men allegedly raped pregnant women and girls and who tortured at will. Okuntimo boasted of knowing more than 200 ways to kill a person.”<sup>lix</sup>
- **Shell official meant “Shoot, Kill.”** According to an article in the Independent: “In October 1993, Okuntimo was sent into Ogoni with Shell personnel to inspect equipment. The stand-off that followed left at least one Ogoni protester dead. A hand-written Shell note talked of ‘entertaining 26 armed forces personnel for lunch’ and preparing ‘normal special duty allowances’ for the soldiers. Shell is also accused of involvement with the MPF, which worked with Okuntimo. One witness, Eebu Jackson Nwiyon, claimed they were paid and fed by Shell. Nwiyon also recalls being told by Okuntimo to ‘leave nobody untouched.’ When asked what was meant by this, Nwiyon replied: ‘He meant shoot, kill.’”<sup>lx</sup>

**2009: Shell faced charges in New York of complicity in human rights abuses, execution and torture in Nigeria.** According to an article in the Guardian: “Ken Saro-Wiwa swore that one day Shell, the oil giant, would answer for his death in a court of law. Next month, 14 years after his execution, the Nigerian environmental activist's dying wish is to be fulfilled. In a New York federal court, Shell and one of its senior executives are to face charges that in the early 1990s in Nigeria they were complicit in human rights abuses, including summary execution and torture.”<sup>lxi</sup>

- **AP: Lawsuit alleged Shell colluded with military government to silence environmental and human rights activists.** According to an AP article: “The lawsuit in U.S. District Court in New York claimed Shell colluded with the country's former military government to silence environmental and human rights activists in the country's Ogoni region. The oil-rich district sits in the southern part of Nigeria and is roughly the size of San Antonio... The lawsuit said in the 1990s, Shell officials helped furnish Nigerian police with weapons, participated in security sweeps of the area, and asked government troops to shoot villagers protesting the construction of a pipeline that later leaked oil. The plaintiffs also say Shell helped the government capture and hang Saro-Wiwa, John Kpuinen, Saturday Doobee, Felix Nuate, Daniel Gbokoo and Dr. Barinem Kiobel on Nov. 10, 1995.”<sup>lxii</sup>
- **Dead activist led protests against environmental damage caused by oil companies; lawyers alleged Shell actively subsidized terror campaign.** According to an article in the Guardian: “Saro-Wiwa became famous as a campaigner on behalf of the Ogoni people, leading peaceful protests against the environmental damage caused by oil companies in the Niger Delta. There was worldwide condemnation when, along with eight other activists, he was hanged by the Nigerian military government in 1995 after being charged with incitement to murder after the death of four Ogoni elders. Many of the prosecution witnesses later admitted that they had been bribed to give evidence against Saro-Wiwa, who was a respected television writer and businessman. Lawyers in New York will allege that Shell actively subsidised a campaign of terror by security forces in the Niger Delta and attempted to influence the trial that led to Saro-Wiwa's execution. The lawsuit alleges that the company attempted to bribe two witnesses in his trial to testify against him. Members of Saro-Wiwa's family will take the stand for the first time to give their version of events, among them his brother Owens, who will allege that Brian Anderson, managing director of Shell's Nigerian subsidiary, told him: ‘It would not be impossible to get charges dropped if protests were called off.’ Anderson is fighting the action. Witnesses who were shot by military police in the Niger Delta principally to protect the building of Shell's oil pipeline will allege that Shell, by paying the police to protect its interests, was complicit in acts of violence.”<sup>lxiii</sup>
- **June 2009: Shell agreed to \$15.5 million settlement; Shell: “Shell had no part in the violence that took place.”** According to an AP article: “Royal Dutch Shell agreed to a \$15.5 million settlement... to end a lawsuit alleging that the oil giant was complicit in the executions of activist Ken Saro-Wiwa and other civilians by Nigeria's former military regime. Shell... said it agreed to settle the lawsuit in hopes aiding the ‘process of reconciliation.’ But Europe's largest oil company acknowledged no wrongdoing in the 1995 hanging deaths of six people, including Saro-Wiwa. ‘This gesture also acknowledges that, even though Shell had no part in the violence that took place, the plaintiffs and others have suffered,’ Malcolm Brinded, Shell's Executive Director Exploration & Production, said in a statement.”<sup>lxiv</sup>

- **Roughly half of settlement created trust to invest in social programs.** According to an AP article: “Besides compensating the families, the money from Shell will pay for years of legal fees. And a large chunk of the settlement — roughly half — will create a trust that will invest in social programs in the country including educational endowments, agricultural development, support for small enterprise and adult literacy programs. Altogether, the settlement will have a negligible effect on Shell's shareholders, amounting to less than one-hundredth of a percent of Shell's annual revenue. It's comparable to the annual cost of renting one of the supertankers that Shell uses to deliver Nigerian oil to other countries.”<sup>lxv</sup>

## United States

A review of public records demonstrates Shell’s long record of repeated financial irregularities and corporate malfeasance. The company was fined for conducting “pre-arranged” crude oil trades on the New York Stock Exchange in 2006, and its overstatement of oil reserves in 2004 caused an international scandal and a \$450 million settlement with shareholders. In 2001, the company was forced to pay the government \$110 million for underpaying royalties on federal lands, and in 2000, Shell settled a class-action lawsuit brought by members of communities on the East Side of Cleveland. The communities alleged that Shell charged more for gas in predominantly black areas than on the city’s West Side.

### Pre-Arranged Crude Oil Trades on NYS Exchange

**2006: Shell units and trader paid \$300K to settle charges of prearranged crude oil trades—admitted no wrongdoing.** According to an article in Newsday: “Two Royal Dutch Shell units and a Shell trader will pay \$300,000 to settle charges of making prearranged crude oil trades on the New York Mercantile Exchange, the U.S. Commodity Futures Trading Commission said... The units, Shell Trading U.S. and Shell International Trading and Shipping, and Shell trader Nigel Catterall were accused of making the fake trades between November 2003 and March 2004, the commission said. ‘The traders prearranged the trade by agreeing in advance on the quantity and the settlement month, agreeing to take the opposite positions of the trade and executing the trade on the NYMEX,’ the commission said... In a settlement with the commission, the two Shell units and Catterall agreed to pay \$300,000 in total penalties and did not admit or deny any wrongdoing.”<sup>lxvi</sup>

### Overstatement of Oil Reserves Caused International Scandal

**2007: Shell agrees to pay \$450 million to shareholders for overstatement of oil reserves.** According to an article in the New York Times: “Royal Dutch Shell agreed...to pay European and other non-American shareholders about \$450 million in a settlement to help resolve legal disputes stemming from its overstatement of oil reserves. The money will compensate shareholders for losses incurred when the company’s stock dropped after it disclosed in early 2004 that it had greatly overstated its reserves, a closely watched indicator of an energy company’s health. ‘For us it is an important step in closing the legal proceedings,’ Beat Hess, the head of Shell’s legal department, said at the company’s headquarters in The Hague. He said Shell did not admit any wrongdoing. Mr. Hess said the offer would be extended to investors in the United States.”<sup>lxvii</sup>

- **In aftermath of re-statement, stock plummeted, CEO resigned.** According to an article in the New York Times: “After the restatement, which dropped the estimated value of future revenue by more than \$100 billion, the company’s share price plummeted, leading to the ouster of its chief executive. Shell has since regained its footing, despite having abandoned investments in

Russia recently in response to political pressure from the Kremlin. The settlement is unusual for Europe, which, unlike the United States, does not have the legal recourse of class-action shareholder lawsuits. The investors, which included pension funds like ABP of the Netherlands, which manages pensions for 2.3 million government employees, were able to take advantage of a new Dutch statute on legal settlements, which the Amsterdam Court of Appeals applied for the first time in the area of securities law. Under that law, settlements can be reached even in the absence of a civil suit, as long as both sides petition the court. The company bargained with about 50 institutional investors from nine European countries to reach the settlement.”<sup>lxviii</sup>

**2004: Shell delays release of annual report after oil reserve estimate wrong.** According to a BBC News article: “The image warning light is well into the red for Shell. The company has delayed its annual report...until later in the year. And for the second time in less than four months, it has had to admit to getting its estimated oil reserves wrong. Investors' trust in the company is already at a low ebb. But news like this is bound to set the alarm bells ringing anew. And with the recent departure of Chairman Sir Philip Watts, this mistake means Shell will have to work even harder to rebuild its image. Shell overstated oil reserves by 250 million barrels in Norway. That's after discovering 3.9 billion barrels had - metaphorically, at least - evaporated in January.”<sup>lxix</sup>

- **BBC: “It was the size of the restatement, and the casual brutality of its announcement, that took investors’ breath away; investors began to ask: Could Shell be fiddling its books?”** According to a BBC News article: “The fresh round of bad news does mean the company's image is shot to pieces. Attempts were made to draw a line under the problems when the chairman, Sir Philip Watts, stepped down. When the first overestimate was announced Sir Philip sounded downbeat and defensive denying he would go. But he gave in and left, bowing to shareholder pressure on March 8th. And it was the size of the restatement, and the casual brutality of its announcement, that took investors' breath away. Investors began to ask: could Shell be fiddling its books?”<sup>lxx</sup>

### Underpaying US Royalties on Federal Lands

**2001: Shell agreed to pay \$110 million to resolve federal lawsuit alleging Shell underpaid royalties on federal lands from 1980-1998—denied wrongdoing.** According to an article in Gas Daily: “Shell Oil...agreed to pay \$110 million to resolve a federal lawsuit that alleged Shell underpaid royalties due for oil produced on federal leases from 1980 to 1998. The company reached the agreement with the U.S. Justice Dept. in the settlement of a whistle-blower lawsuit filed in the U.S. District Court in Lufkin, Texas, under the False Claims Act. As part of the agreement with Shell, the Justice Dept. has reached settlements of more than \$392 million to resolve claims of underpayment of oil royalties...In a statement, Shell said it opted to settle rather than litigate the suit, but denied any wrongdoing.”<sup>lxxi</sup>

### Price Gouging in Poor Neighborhoods in the United States

**2000: Shell denied wrongdoing, settled class action suit for price gouging in poor, minority neighborhoods in Cleveland by contributing to college scholarships.** According to an article in the Plain Dealer: “Shell Oil Co. and a subsidiary agreed...to settle a lawsuit over price gouging by contributing to college scholarships for poor and minority people on Cleveland's East Side. The class-action lawsuit accused Shell and Equilon Enterprises of charging more for gasoline in predominantly black areas of Cleveland east of the Cuyahoga River than was charged on the West Side. Although Shell and Equilon Enterprises continue to deny any wrongdoing - saying the higher prices were supported by a competitive zone market - they agreed to set aside \$700,000 to pay for lawyer fees and costs associated

with the 2-year-old case. They will give the additional money - estimated to be more than \$350,000 - to the United Negro College Fund for scholarships aimed at Clevelanders living in the areas where the higher-priced gas was sold.”<sup>lxxii</sup>

## **WORLDWIDE RECORD OF ENVIRONMENTAL VIOLATIONS**

Shell repeatedly discusses the importance of protecting the environment, listing it as a top priority for the company. According to a press account, in 2007, Shell went as far as to launch “an environmentally conscious global marketing campaign featuring a series of long-format dramatized films showing how the company contributes to a responsible energy future.”<sup>lxxiii</sup> However, a review of public records demonstrates that Shell Oil has a long history of egregious environmental violations both internationally and in the United States, with multiple serious and significant violations taking place in recent years.

### **International Environmental Violations**

In 2008 and 2009, the company’s trans-Niger pipeline in Ogoniland, Nigeria, had two breaks that caused approximately 10 million gallons of oil to be spilled. In 2011, Shell’s drilling operation was responsible for the worst underwater oil spill in the UK in a decade, spilling as much as 4,380 barrels<sup>iii</sup> of oil into the North Sea over 10 days. Rather than partnering with scientists, environmental advocates, and local communities to proactively safeguard the environment, the company’s record suggests that Shell considers lawsuits and clean-up costs just part of doing business.

### **Ogoniland, Nigeria**

In 2011, Shell accepted responsibility for two massive oil spills in Ogoniland linked to breaks in the trans-Niger pipeline the company uses to carry 120,000 barrels of oil across the continent daily. Experts believe that combined, the two spills are as large as the Exxon Valdez disaster in Alaska, when 10 million gallons of oil were spilled. When the pipeline broke the first time, in September 2008, 2,000 barrels of oil spilled daily into the local water supply for two months. When it broke the second time, in December 2008, the pipeline was allowed to continue spilling oil into the water for more than a year. Experts believe that the second break resulted in more than 280,000 barrels of oil being spilled. The cleanup is expected to take as long as 30 years and hundreds of millions of dollars. Before accepting responsibility, Shell attempted to reimburse local communities for the environmental damage the company had caused by offering £3,500 (\$5,400).<sup>1</sup> 100 bags of rice and beans, and several cartons of sugar, tomatoes, and groundnut oil.

Meanwhile, earlier this year, Shell was ordered by a Nigerian court to pay more than \$25 million to five communities in Imo state for a 1997 oil spill. The communities sued Shell for immediate direct losses to their livelihood caused by the oil spill.

### **Niger delta one of most polluted regions in world; 1,000 spill cases filed against Shell alone.**

According to an article in the Guardian: “The Niger delta is one of the most polluted regions in the world, with more oil spilled across the region each year than spilt in the Gulf of Mexico in 2010. According to Nigerian government figures, there were more than 7,000 spills between 1970 and 2000, and there are 2,000 official major spillage sites, many going back decades, with thousands of smaller spills still waiting to be cleared up. More than 1,000 spill cases have been filed against Shell alone, but while the company has been fined many times by courts in Nigeria for pollution incidents, appeals can take years and communities complain that proper clean-ups and compensation money never reaches them.”<sup>lxxiv</sup>

**2011: United Nations Report: Nigeria cleanup could take 30 years and cost billions.** According to an article in the Telegraph: “The UN said ridding Ogoniland's rivers and drinking water of pollution

could take 30 years and cost billions. Its long-awaited report found excessive contamination at 10 out of 15 sites that were meant to have been made safe by the joint venture between Shell and the Nigerian national oil company, called Shell Petroleum Development Company. ‘Control and maintenance of oilfield infrastructure in Ogoniland has been and remains inadequate,’ the report found. ‘The Shell Petroleum Development Company’s (SPDC) own procedures have not been applied, creating public health and safety issues.’”<sup>lxxv</sup>

- **Cleanup efforts could prove world’s most wide-ranging and long-term exercise “ever undertaken.”** According to a Reuters article: “‘The environmental restoration of Ogoniland could prove to be the world’s most wide-ranging and long term oil clean-up exercise ever undertaken,’ a United Nations Environment Programme (UNEP) report released...said.”<sup>lxxvi</sup>

**2011: Shell faced payments of hundreds of millions of dollars after accepting responsibility for two massive oil spills.** According to an article in the Guardian: “Shell faces a bill of hundreds of millions of dollars after accepting full liability for two massive oil spills that devastated a Nigerian community of 69,000 people...Experts who studied video footage of the spills at Bodo in Ogoniland say they could together be as large as the 1989 Exxon Valdez disaster in Alaska [which spilled 10 million gallons of oil in Alaska]... Until now, Shell has claimed that less than 40,000 gallons were spilt in Nigeria.”<sup>lxxvii</sup>

- **No attempt had been made to clean up oil.** According to an article in the Guardian: “Papers seen by the Guardian show that following a class action suit in London over the past four months, the company has accepted responsibility for the 2008 double rupture of the Bodo-Bonny trans-Niger pipeline that pumps 120,000 barrels of oil a day through the community... The crude oil that gushed unchecked from the two Bodo spills, which occurred within months of each other, in 2008 has clearly devastated the 7.7 square mile network of creeks and inlets on which Bodo and as many as 30 other smaller settlements depend for food, water and fuel. No attempt has been made to clean up the oil, which has collected on the creek sides, washes in and out on the tides and has seeped deep into the water table and farmland.”<sup>lxxviii</sup>
- **Shell had previously offered impacted community £3,500 (\$5,400)<sup>i</sup>, with 100 bags of rice and beans.** According to an article in the Guardian: “According to the communities in Bodo, in two years the company has only offered £3,500 (\$5,400)<sup>i</sup> together with 50 bags of rice, 50 bags of beans and a few cartons of sugar, tomatoes and groundnut oil. The offers were rejected as ‘insulting, provocative and beggarly’ by the chiefs of Bodo, but later accepted on legal advice. Shell’s acceptance of full liability for the spills follows a class action suit brought on behalf of communities... Many other impoverished communities in the delta are now expected to seek damages for oil pollution against Shell in the British courts... International oil spill assessment experts who have seen the Bodo spill believe that it could cost the company more than \$100m to clean up properly and restore the devastated mangrove forests that used to line the creeks and rivers but which have been killed by the oil.”<sup>lxxix</sup>

**2011: Shell blamed “illegal refining and oil theft” for Ogoniland spills; forced to accept responsibility for the 2008 spills.** According to an article in the Telegraph: “Shell stopped producing oil in Ogoniland in 1993 but its pipelines and other infrastructure are still in the area. Mutiu Sunmonu, SPDC’s managing director, blamed the majority of environmental damage on ‘illegal refining and oil theft.’ ‘We urge the Nigerian authorities to do all they can to curb such activity, and we will continue working with our partners in Nigeria, including the government, to solve these problems and go on to the next steps to help clean up Ogoniland,’ he said. ‘Although we haven’t produced oil in Ogoniland



since 1993, we clean up all spills from our facilities, whatever the cause, and restore the land to its original state.”<sup>lxxx</sup>

**2010: Shell quadrupled estimate of oil spilt during 2008 operations in Ogoniland.** According to an article in the Guardian: “In its annual environment report...Shell also quadrupled its original estimate of oil spilled during normal operations in 2008 to 64,240 barrels<sup>iii</sup>, blaming an explosion in November of that year at its Iriama field for the increase.”<sup>lxxxii</sup>

**2009: Amnesty International: Shell Oil had been one of the region’s most egregious environmental offenders.** According to an article in the New Zealand Herald: “Oil giant Shell has been covering up catastrophic oil spills in the Niger Delta by blaming them on sabotage by local people, according to a leading human rights group. Those living in Nigeria’s oil-rich delta are suffering a ‘human rights tragedy’ inflicted by decades of environmental damage caused in large part by Royal Dutch Shell, Amnesty International claimed.”<sup>lxxxiii</sup>

- **2009: Majority of spills were from Shell’s operations.** According to an article in the New Zealand Herald: “Independent auditors estimate that up to 13 million barrels of oil have been spilt in the Delta, an amount equivalent to an Exxon Valdez disaster every year for 40 years...Nigeria’s own watchdog reports that there are 2000 current spills, the majority of them from Shell operations.”<sup>lxxxiii</sup>
- **Shell region’s largest operator: Report: “Companies frequently designate the causes of the spills and communities cannot hold them responsible.”** According to an article in the New Zealand Herald, an Amnesty International report entitled, “*Petroleum, Pollution and Poverty in the Niger Delta*...says the contamination has damaged farmland, destroyed fish stocks and polluted the air and water, while oil companies’ response has been misleading or inadequate. Shell is the largest operator in the region and has long argued that insecurity in the Delta - where its operations are routinely attacked by militants - is responsible for much of the spillage and resultant environmental destruction. However, the new research suggests the oil giant has exploited the instability and lack of oversight to cover up oil spills caused by its own out-of-date or faulty equipment. ‘Oil companies have huge influence over the investigation of oil spills and other industry-related damage,’ the report alleges. ‘The companies frequently designate the causes of spills, and communities cannot hold them accountable when they disagree.’<sup>lxxxiv</sup>

**2009: Shell Oil spilled over 100,000 barrels<sup>iii</sup> of crude into Niger Delta, double total from 2008.** According to an article in the Guardian: “Royal Dutch Shell spilled over 100,000 barrels<sup>iii</sup> of crude oil into the creeks of the Niger Delta last year, the company has announced, blaming thieves and militants for the environmental damage. The amount of oil spilled by Shell’s Nigerian subsidiary was more than double the amount poured into the delta in 2008, and quadruple what was spilled in 2007 – highlighting the worsening situation the oil company faces in Nigeria...The majority of the total, according to the company, was lost through two incidents – one in which thieves damaged a wellhead at its Odidi field, and another where militants bombed the Trans Escravos pipeline. In all, some 101,500 barrels<sup>iii</sup> spilled into the swamps, but Shell said it was able to recover nearly 73,000 barrels<sup>iii</sup> of that.”<sup>lxxxv</sup>

**November 2008: Oil pipeline fire kills six workers.** According to an article in Bloomberg: “Royal Dutch Shell Plc., Europe’s biggest oil producer, said a fire at a Nigerian oil pipeline was extinguished. The blaze killed six workers. ‘There was a fire and unfortunately six staff of a contractor lost their

lives,” Shell's spokesman in Nigeria, Precious Okolobo, said... ‘We're deeply saddened by this loss of lives. The fire has been extinguished. The cause is being investigated...’”<sup>lxxxvi</sup>

**September 2008: Shell spill dumped 2,000 barrels daily into Niger Delta, didn't stop till**

**November.** According to an article in the Guardian: “The first oil ever exported from Nigeria was found just five miles away from Bodo in 1958. But chief Tella James, chair of Bodo's maritime workers, says life for the 69,000 people who live in the vicinity changed dramatically in August 2008 when a greasy sheen was first seen deep in the Bodo swamps miles from the nearest houses. Shell disputes that, saying that a weld broke in September 2008 in the 50-year-old trans-Niger pipeline that takes 120,000 barrels of oil a day at high speed across the Niger delta. Either way the spill was not stopped until 7 November 2008. By that time, as much as 2,000 barrels a day may have been spilled directly into the water.”<sup>lxxxvii</sup>

- **December 2008: Same pipeline broke; Shell sent no one to repair or inspect until February 2009.** According to an article in the Guardian: “A month later in December 2008 the same pipeline broke again in the swamps. This time Shell did not send anyone to inspect or repair it until 19 February 2009. According to oil spill assessment experts who have studied evidence of the two spills on the ground and on film, more than 280,000 barrels may have been spilled...Chief James, assistant secretary to the Bodo council of chiefs and elders, said every family had been affected by the disaster. ‘Nowhere and no one has escaped,’ he said.”<sup>lxxxviii</sup>

**Canada**

Shell's effort to mine unconventional hydrocarbon sources such as tar sands in Canada has met with intense opposition from scientists. In 2008, the Canadian Advertising Authority found that the company misled the public when they claimed that the project was a “sustainable energy source.” The tar sands project has even drawn criticism from Shell shareholders, a coalition of whom forced a resolution at the company's annual general meeting to undertake a special review of the risks attached to the carbon heavy oil production. The 141-member coalition raised “concerns for the long-term success of the company arising from the risks associated with oil sands.”

**2010: Al Gore, other environmental leaders urge Canadian government to halt support for tar sands exploration.** According to an article in the Guardian: “Shell...has been one of the lead companies in moves to develop oil reserves that are either mined or sucked out of the ground using expensive and energy-intensive techniques. BP and Total of France are also engaged in the sector. Shell has insisted that ‘unconventional’ hydrocarbon sources such as tar sands are all justified to ensure that the world does not run out of oil too soon. But environmentalists have condemned their exploitation as ‘the biggest environmental crime in history’ and said it must be stopped before it tips the planet over into runaway climate change. Al Gore, former U.S. vice-president and Naomi Klein, the author and campaigner, urged the Canadian government to abandon its support for tar sands at the climate change talks in Copenhagen.”<sup>lxxxix</sup>

- **Tar sands project drew criticism from coalition of Shell institutional investors.** According to an article in the Guardian: “Shell chief executive Peter Voser will be forced to defend the company's controversial investment in Canada's tar sands at his first annual general meeting, after calls from shareholders that the project be put under further scrutiny. A coalition of institutional investors has forced a resolution onto the agenda calling for the Anglo-Dutch group's audit committee to undertake a special review of the risks attached to the carbon-heavy oil production at Athabasca in Alberta. Co-operative Asset Management and 141 other

institutional and individual shareholders raised ‘concerns for the long-term success of the company arising from the risks associated with oil sands...’ Shell has insisted that ‘unconventional’ hydrocarbon sources such as tar sands are all justified to ensure that the world does not run out of oil too soon.”<sup>xc</sup>

**2008: Shell gearing up for huge expansion of carbon-intensive sands operation in Canada.**

According to an article in the Guardian: “Shell is gearing up for a huge expansion of its carbon-intensive tar sands operation in Canada at a time when it has been struggling to replace conventional reserves. In an annual strategy update...Jeroen van der Veer, chief executive, said the Canadian business was at the centre of its wider ambitions to meet growing energy demand - with the high cost of developing Athabasca and other projects easily accommodated by crude prices that hit new highs yesterday of \$112 a barrel. ‘Canadian heavy oil, where we have 20 billion barrels of resources, is a classical new technology and integration play that Shell can do well. Alberta has the potential to become a major production heartland for Shell for decades to come,’ said Van der Veer.”<sup>xcii</sup>

**2008: Advertising Standards Authority: Shell misled public by claiming tar sands project was “sustainable energy source.”** According to an article in the Guardian: “Oil giant Shell misled the public when it claimed in an advertisement that its giant \$10bn oil sands project in northern Canada was a ‘sustainable energy source,’ according to the Advertising Standards Authority. The tar sands cover over 55,000 square miles of Alberta...A recent report suggested that the production of oil from tar sands can create up to eight times as many emissions as producing conventional oil.”<sup>xciii</sup>

- **Report: “We had not seen data that showed how Shell was effectively managing carbon emissions from its oil sands projects in order to limit climate change.”** According to an article in the Guardian: “In one of the most significant ‘greenwash’ rulings in some years, the independent body responsible for regulating UK advertising upheld a complaint from green campaign group WWF that Shell’s advert in the Financial Times was ‘misleading.’ ‘Because we had not seen data that showed how Shell was effectively managing carbon emissions from its oil sands projects in order to limit climate change, we concluded that the ad was misleading,’ said the ruling.”<sup>xciii</sup>
- **Environmental group: Shell’s claims “wholly misleading.”** According to an article in the Guardian: “WWF argued that Shell was not helping provide a sustainable future by exploiting the oil sands. WWF said the oil sands were one of the world’s dirtiest sources of fuel and had a major impact on the environment. ‘Their extraction cannot be described as a sustainable process and for Shell to claim otherwise was wholly misleading,’ said David Norman, Director of Campaigns at WWF-UK.”<sup>xciv</sup>

**2008: Exploration not recognized by Securities & Exchange Commission as genuine reserves.**

According to an article in the Guardian: “The Canadian venture is not only opposed by green groups but also not recognised by the Wall Street financial watchdog, the US securities & exchange commission, as genuine reserves. Van der Veer repeatedly talked...about Shell’s ‘resources’ rather than ‘reserves...The reserves issue is sensitive for Shell, which shocked investors and sacked its chairman, Sir Philip Watts, in 2004 after it had been found by the SEC to have exaggerated its reserves by about a third.”<sup>xcv</sup>

**2008: Tar sands exploration controversial.** According to an article in the Guardian: “The Anglo-Dutch oil group is producing 155,000 barrels a day from tar sands, had plans to raise this to 500,000 barrels and has just formally applied for a licence to enable it to raise that figure to 770,000. The

exploitation of tar sands is controversial because the methods used can be highly water and power intensive as well as being far more carbon intensive, but Shell said it had halved the energy intensity of its tar sands operation in four years.”<sup>xcvi</sup>

## North Sea

After Shell’s 2011 ten-day oil spill in the North Sea – a spill called “the UK’s worst oil spill for a decade” – a review of government documents conducted by the Guardian found that oil and gas spills occurred in the North Sea at a rate of one a week in 2010 and 2011, and that Shell was a “top offender,” owning one of the two rigs with the most frequent oil spills. The Brent Charlie rig owned by Shell was found to have seven leaks over two years, with the worst taking place on April 26, 2010. During that incident, over 200,000 cubic feet<sup>iii</sup> of gas leaked from the rig and production was shut down. The company was forced to stop exporting oil from the rig in January 2011 in an effort to address safety concerns.

**August 2011: Shell spill represented worst in UK for a decade.** According to an article in the Guardian: “The oil sheen on the surface of the North Sea that followed the UK’s worst oil spill for a decade has finally disappeared, according to Shell...government officials are now launching an investigation into the leak as part of an effort to discover how the spill came about and how to prevent such damage recurring...Shell’s successful plugging of both the primary and secondary leaks...came as a Scottish newspaper revealed Shell’s poor safety record in the region.”<sup>xcvii</sup>

**August 2011: Shell stopped North Sea leak after ten days.** According to an article in the Guardian: “Shell has...stopped the leak from its faulty oil pipeline in the North Sea, ending the flow of oil undersea after 10 days of the worst spill in UK waters for a decade...Government officials are now opening an investigation into how the leak occurred and whether the correct procedures were followed. They will also have to decide whether Shell should pay for government incurred in the clean-up operation. Shell now has to decide how to deal with the pipeline, which could still contain as much as 5,000 barrels<sup>iii</sup> of oil with the potential for much more damage than the 1,600 barrels<sup>iii</sup> of oil thought to have spilled into the sea already.”<sup>xcviii</sup>

- **August 2011: Scottish government plans investigation into North Sea spill; Shell hid fact of spill for two days.** According to an article in the Guardian: “The Scottish government prepared to launch an investigation into the how the spill occurred. The procurator fiscal will begin formal interviews...with Shell staff, including divers, and others involved in the attempts to minimize the damage. Conservation groups have warned that marine life in the area could be harmed, and fishermen have been told to stay clear...Shell has also been criticized for a lack of transparency, as the leak was first detected last Wednesday but not made public until last Friday night.”<sup>xcix</sup>
- **August 2011: Shell’s technical director of exploration and production in Europe admitted if inspection and maintenance had been flawless, incident would not have happened.** According to a BBC article: “Glen Cayley, (Shell’s) technical director of exploration and production activities in Europe, said, if the inspection and maintenance procedure had been flawless, the incident would not have happened.”<sup>c</sup>

**July 2011: Oil and gas spills occurred in North Sea at rate of once per week; Shell a top offender.** According to an article in the Guardian: “Serious spills of oil and gas from North Sea platforms are occurring at the rate of one a week... Shell has emerged as one of the top offenders despite promising to

clean up its act five years ago after a large accident in which two oil workers died. Documents obtained by the Guardian record leaks voluntarily declared by the oil companies to the safety regulator, the Health and Safety Executive (HSE), in a database set up after the Piper Alpha disaster of 6 July 1988 which killed 167 workers. They reveal for the first time the names of companies that have caused more than 100 potentially lethal and largely unpublicised oil and gas spills in the North Sea in 2009 and 2010.”<sup>ci</sup>

- **Despite claims from Shell that “Safety is...our number one priority” and “core value,” Shell had most frequent oil spills.** According to an article in the Guardian: “The documents, released under freedom of information legislation, record leaks classed by the regulator as ‘major’ or ‘significant,’ which, if ignited, could cause many deaths. The two rigs with the most frequent oil spills are owned by Shell and the French conglomerate Total. Shell executives regularly claim in public that safety is their most important commitment. Last November, Peter Voser, the Shell chief executive, said: ‘Safety is, has been, and forever will be, our number one priority. It is our core value.’”<sup>cii</sup>
- **At one point, safety inspectors ordered Shell to stop producing oil after gas leak.** According to an article in the Guardian: “The documents record seven leaks on it over the two-year period, with the worst happening on 26 April last year when over 200,000 cubic feet<sup>iii</sup> of leaked gas from one of its columns led to a shutdown of production. On another occasion, on 30 September 2009, safety inspectors ordered Shell to stop producing oil from Brent Charlie after gas leaked from its ventilation system. Last Friday, the HSE formally threatened to close down some operations on Brent Charlie within two weeks over undisclosed safety issues. Since January this year, Shell has stopped exporting oil from the rig and three others in the Brent oilfield as the company struggles to put right safety problems.”<sup>ciii</sup>

### Domestic Environmental Violations

In September 2011, Shell was fined \$500,000 for failing to report five toxic releases at the Deer Park refinery in Harris County; a facility that is located near two schools and multiple communities. In 2010, two Shell subsidiaries were forced to pay \$3.3 million in civil penalties to the government and spend \$6 million to install pollution reduction equipment at refineries in Louisiana and Alabama. In addition, four years earlier, the company was fined \$6.5 million for more than 50 environmental violations in Riverside, California. Shell’s repeated pattern of violations suggests that the company is more focused on limiting liability than proactively safeguarding the health of local residents.

### Harris County, Texas

**2011: Shell Chemical LP agreed to pay \$500K for five different air pollution events at refinery, which is located near schools and homes.** According to an article in the New York Times: “Shell Chemical LP has agreed to pay \$500,000 to a Texas County over five different air pollution events at its Deer Park refinery. The settlement...was reached after Harris County accused Shell Chemical, a unit of Royal Dutch Shell PLC, of failing to notify officials about the toxic releases. There are two schools and many homes close to the refinery in suburban Houston.”<sup>civ</sup>

- **Shell failed to notify officials of chemical releases five times; Shell denied claims but settled to resolve the matter.** According to an article in the New York Times: “Harris County Attorney Vince Ryan says he’s pleased Shell agreed to notify officials within 24 hours of any

chemical releases. The law already requires petrochemical companies to notify the county, but Shell apparently failed to do so in five events between 2008 and 2010. Shell released a statement saying the company disputes those claims but settled to resolve the matter.”<sup>cv</sup>

**2008: Lawsuit against Shell alleged more than 1,000 occasions over three years where emissions exceeded hourly limits at Deer Park facility; settled for \$5.8 million.** Public interest sued under the federal Clean Air Act to force pollution cuts that neither the state nor the EPA had achieved. “In one such case, Environment Texas and the Sierra Club sued Shell's massive refinery and chemical complex in Deer Park, near Houston, in early 2008. Despite Shell's state permits, the environmental groups found more than 1,000 occasions from 2003-06 when emissions exceeded hourly limits, which are meant to protect the public from acute, short-term harm. On three dates, records showed, Shell emitted more toxic compounds in a single day than its permits allowed in an entire year.”<sup>cvii</sup> The lawsuit was settled for \$5.8 million in April 2009.<sup>cvii</sup>

### Deep South

**2010: Shell subsidiaries pay \$3.3 million fine and spend \$6 million to install pollution control equipment in Puerto Rico, Louisiana and Alabama.** According to an AP article: “Two Shell chemical companies have agreed to install \$6 million in pollution reduction equipment at two petroleum refineries in Louisiana and Alabama and upgrade a terminal in Puerto Rico as part of a Clean Air Act settlement with the federal government. Shell Chemical LP and Shell Chemical Yabucoa, units of Royal Dutch Shell PLC, also will pay a combined \$3.3 million civil penalty to the federal government, Alabama and Louisiana. About \$193,000 will go to Louisiana organizations for environmental education, teacher workshops and emergency operations. The new pollution control equipment will be installed at Shell Chemical refineries in St. Rose, La., and Saraland, Ala.”<sup>cviii</sup>

### Puerto Rico

**2009: Shell agreed to pay \$1 million penalty, enhance pollution controls for Clean Water Act violations in Puerto Rico.** According to an EPA press release: “Shell Chemical Yabucoa...of Puerto Rico has agreed to pay a \$1,025,000 penalty and spend at least \$273,800 enhancing its pollution controls and monitoring to remedy Clean Water Act violations...Shell’s facility, which the company purchased...in 2001, has a permit from EPA to discharge treated stormwater, process wastewater and sanitary wastewater under the National Pollutant Discharge Elimination System...The facility was not in compliance with its pollution discharge permit when Shell purchased it. EPA and Shell agreed on steps the company had to take to bring the facility into compliance after it was purchased. Shell, however, failed to fulfill the agreement by discharging pollutants in excess of permit limits, discharging pollutants into Santiago Creek and the Caribbean Sea at unpermitted locations, failing to report certain discharge data, and lacking adequate operation and maintenance of a discharge pipe into the Caribbean Sea.”<sup>cix</sup>

### Western Washington State

**2008: Shell reached agreement to clean up 83 gas stations in western Washington state.** According to an AP article: “Shell Oil...has entered an agreement with the state Department of Ecology to clean up contamination at 83 current and former gas stations in Western Washington. It’s the first time an oil company has voluntarily undertaken such a massive cleanup in the state at one time, Ecology Officials said...Shell agreed to clean up all of its former and current gas stations that have soil or groundwater contamination in seven Washington counties.”<sup>cx</sup>

### Ridgewood, New Jersey

**2007: Shell paid \$1.2 million fine for “ignoring state orders to clean up pollution.”** According to a press release from the state of New Jersey’s Department of Environmental Protection: “A petroleum giant has agreed to pay a \$1.2 million fine for ignoring state orders to clean up pollution from leaking underground fuel tanks at a Ridgewood service station, Department of Environmental Protection Commissioner Lisa P. Jackson announced... ‘Of the total penalty, \$500,000 recoups the economic benefit that Shell/Motiva reaped by evading DEP cleanup orders. Even though the station eventually came into compliance, this settlement sends a clear message to other polluters—if you delay, you will still pay,’ Commissioner Jackson said. The settlement stems from three distinct gasoline leaks from underground storage tanks at the Shell service station at Route 17 and Franklin Turnpike in the village of Ridgewood, Bergen, County. Shell Oil Co. owned the station from 1985 until 1998, when Houston-based Motiva Enterprises LLC, a joint venture of Shell and Saudi Refining Inc., assumed ownership.”<sup>cxix</sup>

### Riverside County, California

**2007: Shell & subsidiary paid \$6.5 million to settle lawsuit with county for 56 claimed violations of state law regarding underground storage tanks and handling of hazardous waste—denied any wrongdoing.** According to an article in the Press Enterprise: “Shell Oil Co. and a subsidiary will pay \$6.5 million in a lawsuit settlement with Riverside County that includes the goal of putting tamper-proof leak sensors in 23 gas stations throughout the county...The settlement between the county, Shell and Equilon Enterprises...includes \$3.6 million in civil penalties and orders them to halt any future violations of state health and safety laws. The lawsuit claimed 56 violations in state laws regarding maintenance of underground storage tanks as well as handling of hazardous materials and waste. Shell and Equilon, which owns and operates the stations, denied any wrongdoing.”<sup>cxix</sup>

## **FINES, LAWSUITS AND PENALTIES JUST PART OF DOING BUSINESS**

Shell, which enjoyed global earnings in 2011 of \$20.1 billion and was ranked on the Global 500 as the multinational corporation with the second-highest revenues, seems to pay fines and settle lawsuits while trying to skirt responsibility whenever possible.

### **OSHA Violations – Washington State**

In the United States, Shell currently has operations in 50 states and employs more than 22,000 people. In 1998, a blast at Shell's Anacortes refinery in Washington state killed six workers. "Since that time the safety record has been really good," Shell spokesman Brian Sibley said in a Seattle Times article.<sup>cxiii</sup> However, a review of Shell's workforce safety and health record in Washington over the past seven years shows this assertion is just plain wrong. Shell has accumulated \$150,000 in fines and penalties in Washington state since 2004, due to repeated problems with employees exposed to fire, explosions and toxic release hazards, and a lack of proper safety equipment and training.

**September 2008: Washington OSHA fined Shell subsidiary \$7,000 after serious violation.** On September 22, 2008, the state of Washington Department of Labor and Industries issued the results of a safety and health inspection of Equilon Enterprises LLC (Shell Oil Products US) located at 8505 S. Texas Road, Anacortes, Washington. The original inspection found three serious violations and assessed \$19,500 in penalties. After a formal settlement, one serious violation was assessed, along with \$7,000 in penalties.<sup>cxiv</sup>

**June 2008: Washington's Department of Labor and Industries fined Shell over \$100K for multiple refinery violations.** According to an article in the Seattle Times: "Washington's Department of Labor and Industries...fined Shell Oil \$109,600 for multiple safety violations in its Anacortes refinery. The refinery, the second largest of the four major facilities that supply the Puget Sound region with gasoline and other petroleum products, was cited for 23 violations ranging from inadequately instructing operators on how to deal with emergencies to faulty inspections."<sup>cxv</sup>

**October 2007: Washington OSHA fined Shell subsidiary \$1,000 for serious violation.** On October 8, 2007, the state of Washington Department of Labor and Industries issued the results of a safety and health inspection of Equilon Enterprises LLC (Shell Oil Products US) located at 8505 S. Texas Road, Anacortes, Washington. According to the report, a \$1,000 was assessed for a serious violation.<sup>cxvi</sup>

**March 2006: Shell Oil Company fined \$100 by Washington OSHA for serious violation.** On March 1, 2006, the state of Washington Department of Labor and Industries issued the results of a safety and health inspection of Shell Oil Company located at 2555 13<sup>th</sup> Avenue SW in Seattle, Washington. The inspection found one serious violation and levied a penalty of \$100.<sup>cxvii</sup>

**June 2005: Washington OSHA fined Shell subsidiary \$2,100 for three violations.** On June 22, 2005, the state of Washington Department of Labor and Industries issued the results of a safety and health inspection of Equilon Enterprises LLC (Shell Oil Products US) located at 8505 S. Texas Road, Anacortes, Washington. The original inspection found four serious violations and one other violation.



\$8,400 in penalties were assessed. After a formal settlement, one serious violation and two other violations were assessed, along with \$2,100 in penalties.<sup>cxviii</sup>

### Exposing Employees to Fire, Explosion and Toxic Release Hazards

- **September 2008 citation: “The series of leaks exposed operators, responders and repair workers to potential fire, explosion or toxic release hazards.”** According to the citation: “The employer did not correct deficiencies in process equipment that was outside acceptable limits before further use nor did they ensure that necessary means were taken to assure safe operation when continuing to operate the process. Flare line 19-0-702, which was identified as severely thin and leaking first in 2004, experienced at least seven additional leaks within the same pipe through 2008, when the system was replaced. The leaks were due to thin and corroded pipe and failed attempts to repair the piping system with composite wrapping and clamping systems in order to postpone permanent repairs until a 2009 scheduled shutdown. The series of leaks exposed operators, responders, and repair workers to potential fire, explosion or toxic release hazards.”<sup>cxix</sup>
- **June 2008 citation: Outside operators exposed to “serious hazard which could have caused death or serious injury...”** According to the citation: “Two Stratco reactor vessels in the No. 2 Alkylation unit process area did not have guards that completely covered the rotating shafts...Outside operators conducting routine inspection and maintenance near the shafts were opposed to a serious hazard which could have caused death or serious injury in the event they became entangled (sic) in the shaft.”<sup>cxx</sup>
- **June 2008 citation: “Employees working...could be exposed to fire, explosion or release of toxics resulting in serious injury or death.”** According to the citation: “Employees working in close proximity to the atmospheric pressure relief devices could be exposed to fire, explosion, or release of toxics resulting in serious injury or death...The FCCU PHA revalidations did not identify, evaluate, and control potential hazards relating to relief system design and the catastrophic consequences that may result during process deviations and resulting backpressures in relief system piping...The 2003 FCCU PHA revalidation did not identify, evaluate and control those hazards associated with overfilling process vessels, or inadequate operator response times to high liquid level alarms...The flare blowdown drum...was identified in 1998 as being undersized, and the fractionator overhead accumulator was identified in 1999 as lacking inadequate response times to the high liquid level alarms.”<sup>cxxi</sup>
- **March 2006 citation: Employees “exposed to death or serious injury” in event of crane failure.** According to the citation: “The employer is required to ensure that the cranes on their dock are certified before they are used. Two cranes used for handling large fuel hoses were not certified. This exposed two employees to death or serious injury in the event that the crane(s) failed.”<sup>cxxii</sup>

### Failure to Appropriately Provide Safety Tools and Unsafe Working Conditions

- **June 2008 citation: “Employer did not provide...emergency eyewash...”** According to the citation: “The employer did not provide an emergency eyewash in the FCCU operator shelter for those employees that routinely conduct chemical tests using reagents (sic), not limited to, sulfuric acid, sulfamic acid, ammonium chloride and sodium hydroxide.”<sup>cxxiii</sup>

- **June 2008 citation: “Vehicle could be the source of ignition in the event flammable gases or vapors were in the area at the time of entry.”** According to the citation: “On 1/23/08 a contractor employee for CRS was operating a vacuum truck in the...boiler area without written permission on the hot work permit, as required by the refinery’s instructions for issuing hot work permits. The vehicle could be the source of ignition in the event flammable gases or vapors were in the area at the time of entry.” <sup>cxxiv</sup>

### Failure to Appropriately Train Employees

- **2008: “Interviews with operations personnel revealed that they were not all aware of operating procedures for activation of the emergency purging steam system...operators confirmed they receive limited hands-on training on emergency operations...not all...operators had been trained on emergency procedures.”** According to the citation: “During several field observations...operators could not demonstrate knowledge concerning emergency isolation systems in the unit...Interviews with operations personnel revealed that they were not all aware of operating procedures for activation of the emergency purging steam system...Interviews with operations personnel revealed that they were not all aware of operating procedures for blowdown of the flare blowdown drum...Operators confirmed they receive limited hands-on training on emergency operations...not all...operators had been trained on emergency procedures...The emergency procedures were designed to limit migration of toxic and flammable vapors from entering the control room, and instructions for operators to don air supplied respirators to control the operation in potentially dangerous atmospheres.” <sup>cxxv</sup>
- **June 2008 citation: “Employees...had not all received training or demonstrated competency for...emergency operating conditions designed to prevent...catastrophic events...”** According to the citation: “The employer did not ensure that employees participating in emergency response operations were appropriately trained and could demonstrate competency in conducting their anticipated duties. Employees...had not all received training or demonstrated competency for those activities developed for emergency operating conditions designed to prevent or mitigate the consequences of catastrophic events such as unit fires and line ruptures...At the time of inspection not all operating personnel could demonstrate that they were familiar with the emergency isolation valves associated with their process units to control or mitigate the consequences of catastrophic events such as fires or line ruptures...” <sup>cxxvi</sup>
- **June 2005 citation: “All fire brigade leaders...are not being provided with training and education...”** According to the citation: “All fire brigade leaders, not limited to, incident commanders are not being provided with training and education which is more comprehensive than that provided to the general membership of the fire brigade.” <sup>cxxvii</sup>
- **June 2005 citation: “Fire brigade leaders...are not provided training and education frequently enough to assure that each member is able to perform the members assigned duties...”** According to the citation: “Fire brigade leaders, not limited to incident commanders, are not provided training and education frequently enough to assure that each member is able to perform the members assigned duties and functions satisfactorily and in a safe manner so as not to endanger fire brigade members or other employees.” <sup>cxxviii</sup>

- **June 2005 citation: “In 2005...personnel responded to an uncontrolled release of approximately 35,000 lbs. of a hydrocarbon and hydrogen mixture...at least one untrained operator was in...direct proximity to a fire and explosion hazard.”** According to the citation: “Those within operations and incipient fire brigade members, are not provided training commensurate with their duties and expected responsibilities during the uncontrolled releases of highly hazardous chemicals...In 2005, operations personnel responded to an uncontrolled release of approximately 35,000 lbs. of a hydrocarbon and hydrogen mixture on hydrotreater #2 without prior planning, training, site characterization, and personal protective equipment. At least one untrained operator was in the direct proximity to a fire and explosion hazard.” <sup>cxxxix</sup>
- **June 2005 citation: “Facilities emergency response plan...was not effective in practice...”** According to the citation: “The facilities emergency response plan provided at the time of inspection was not effective in practice in that personnel roles and lines of authority in the plan provided and other associated directives were not current and accurate regarding personnel roles and responsibilities and the training they would receive based upon their assigned duties during the uncontrolled release of hazardous chemicals.” <sup>cxxx</sup>

### Failure to Appropriately Test, Document and Implement Safety Measures

- **September 2008 citation: “Employer did not document each inspection.”** According to the citation, on at least four occasions “the employer did not document each inspection and test than (sic) had been performed on process equipment, identify the date of the inspection and test, document the name of the person who performed the inspection or test, document the serial number or other identifier of the equipment on which the inspection or test was performed, describe the inspection or test that was performed, and document the results of the inspection or test.” According to the citation, some of the violations exposed “workers to fire, explosion or toxic release hazards.” <sup>cxxxix</sup>
- **June 2008 citation: “The employer did not ensure safe work practices were actively implemented.”** According to the citation: “The employer did not ensure safe work practices were actively implemented in the Alky-2 process area...scaffolding erected inside of the...process area blocked operator access to the manually operated chain valve located on the suction pipe of the Dib Effluent Flash Drum... The chain which operated the valve was not accessible...The valve is designed to be used in the event of fire or major process leaks.” <sup>cxxxii</sup>
- **June 2008 citation: “Records from previous flare and relief system studies noted potential problems and recommended further evaluations.”** According to the citation: “The employer had not compiled validated process safety information regarding the FCCU relief system design to include evaluations of the consequences that may result during process upsets and the adequacy of the current relief systems. Such evaluations may include...evaluations of back-pressures in relief system piping, and potential overfilling of vessels associated with the FCCU depressuring and disposal systems. Records from previous flare and relief system studies noted potential problems and recommended further evaluations.” <sup>cxxxiii</sup>
- **June 2008 citation: “Failure to inspect and test the reliability of safety devices and controls places employees at risk of serious injury or death...”** According to the citation: “In at least the following instances, the employer did not document each inspection and test that had been performed on process equipment, identify the date of the inspection and test, document the name

of the person who performed the inspection or test, document the serial number or other identifier of the equipment...describe the inspection or test that was performed and document the results of the inspection or test..." Regarding air operated emergency isolation valves; steam purging system; "all process emergency shutdown devices associated with the FCCU process;" "drum level indicators and associated instrumentation and alarms;" "the three fire deluge systems in the FCCU." According to the citation: "Failure to inspect and test the reliability of safety devices and controls places employees at risk of serious injury or death in the event the devices do not function to prevent or mitigate the consequences of a catastrophic event." <sup>cxxxiv</sup>

- **June 2008 citation: "The employer did not establish...or implement written procedures...to prevent the catastrophic release of highly hazardous chemicals into the work area."** According to the citation: "In at least the following instances, the employer did not establish and or implement written procedures for maintaining the on-going integrity of process equipment to prevent the catastrophic release of highly hazardous chemicals into the work area:" "process equipment such as pressure vessels and piping systems...the steam purging system on the FCCU fractionating tower. The system...functions to reduce the consequences of a catastrophic release...the three fire deluge systems in the FCCU...The deluge systems are controls designed to prevent or mitigate the consequences of a catastrophic release...emergency shut down devices in the FCCU process area...drum level devices...and alarms on the FCCU flare blowdown drum...inspection and testing all forms of non-metallic linings in pressure vessels." <sup>cxxxv</sup>
- **June 2008 citation: "No steps for corrective action were developed for anomalies documented for pipe thickness measurements."** According to the citation: "The employer did not develop inspection and quality assurance procedures for piping system inspection data...no steps for corrective actions were developed for anomalies documented for pipe thickness measurements." <sup>cxxxvi</sup>
- **June 2008 citation: "Employer did not ensure that process safety information...was up to date and accurate."** According to the citation: "In at least two instances, the employer did not ensure that process safety information depicted on piping and instrument diagrams... was up to date and accurate." <sup>cxxxvii</sup>
- **June 2008 citation: "Employer did not identify the consequences...of the failure of the emergency steam education system...engineered to help prevent...catastrophic consequences."** According to the citation: "The employer did not identify the consequences: of the failure of the emergency steam education system...that is engineered to help prevent or mitigate catastrophic consequences...the failure of the...emergency isolation valves that are engineered devices to help prevent...catastrophic consequences of a fire or line rupture...the three fire deluge systems installed in the FCCU process area to prevent or mitigate catastrophic consequences during fires in the process areas...the engineered protective instrument system 3PIS02D, a differential pressure shutdown device credited as a unit safeguard...administrative controls such as operator interventions in response to equipment failures." <sup>cxxxviii</sup>
- **June 2008 citation: "Several recommendations were not resolved timely..."** According to the citation: "Review of initial and subsequent PHAs conducted in 1992, 1993, 1997, 1998 and 2003 found that many of the recommendations did not include documentation of how they were resolved. Several recommendations were not resolved timely and were recommended again in subsequent PHA revalidations." <sup>cxxxix</sup>

- **June 2008 citation: “Fire blanketing on the...emergency isolation valves were in disrepair.”** According to the citation: “In several instances, fire blanketing on the...emergency isolation valves were in disrepair or not fully covering the valve components and actuators...The emergency isolation valves are designed to prevent or mitigate catastrophic events such as line ruptures or fires.”<sup>cxl</sup>
- **June 2008 citation: “Changes made to process equipment could have catastrophic consequences.”** According to the citation: “The employer did not implement management of change procedures and document the technical basis for the change, potential safety and health impacts, modifications to procedures, time period for the change, and necessary authorization requirements. Changes made to process equipment could have catastrophic consequences if not evaluated according to management of change procedures.”<sup>cxli</sup>
- **June 2008 citation: “Hazard analysis...did not...include an evaluation of those potential hazardous deviations and...necessary controls...to prevent flammable materials from creating a fire and explosion hazard.”** According to the citation: “The employer did not ensure that the initial FCCU process hazard analysis and subsequent revalidations were appropriate to the complexity of the process by identifying, evaluating, and controlling those hazards associated with the release of hydrocarbon materials to the plant sewer system(s)...The initial FCCU PHA’s conducted in 1992/1993 and subsequent revalidations conducted in 1998 and 2003 did not address hydrocarbon release to the sewer system(s) and include an evaluation of those potential hazardous deviations and the necessary controls in place to prevent flammable materials from creating a fire and explosion hazard.”<sup>cxlii</sup>

### OSHA Violations – California

At Shell’s refinery in Martinez, California, the OSHA violations include one for the drowning death of a 22-year veteran employee, who fell into one of the refinery’s many water storage tanks, in which “the upper most rung at the top of the tank’s external ladder was eight inches shorter than the law requires,” according to Eric Berg, an inspector for California OSHA. “Where there should have been a platform to stand on, there was only a thin lip of metal, and for a 6’5” man, as [the victim] was, it was a ‘tripping factor,’ with no catch bars,” Berg noted<sup>cxliii</sup>. This tragic death, along with a series of citations for personal injuries such as serious burns, shows a pattern of disregard for the safety of Shell’s workers.

**2009: Inspection resulted in \$22,500 in fines.** On October 27, 2009, the state of California Division of Occupational Safety and Health issued the results of an inspection of Equilon Enterprises DBA Shell Oil Products, US at 3485 Pacheco Boulevard in Martinez, CA. The original inspection resulted in \$22,800. Eventually, one serious violation was listed and \$22,500 in fines was assessed.<sup>cxliv</sup>

- **Citation: “Shell...failed to provide...adequate shielding or personal protective equipment.”** According to the citation: “Controlling employer Equilon Enterprises...DBA Shell Oil Products US failed to provide or to require adequate shielding or personal protective equipment for exposing employer Petrochem Field Services...employees to protect them from the hazard of pressurized...hot, oily water spraying from piping...the employees were in the process of opening.”<sup>cxlv</sup>

- **Citation: “Employee...sustained...thermal burn injuries requiring multiple skin grafts.”** According to the citation: “An employee of exposing employer Petrochem Field Services...sustained reportable thermal burn injuries requiring multiple skin grafts after being sprayed with 198 degree F. hot, oily water released from the vessel’s 10 inch outlet piping as the victim opened pipe flanges to allow the column to drain.”<sup>cxlvi</sup>

**2009: Shell Oil Products of Martinez, California fined \$18,000 for serious violation.** On August 28, 2009, the state of California Division of Occupational Safety and Health issued the results of an inspection of Shell Oil Products, US and its successors at 3485 Pacheco Boulevard in Martinez, California. The original inspection found three serious violations and assessed \$24,750. However, eventually, one serious violation and \$18,000 in penalties were assessed.<sup>cxlvii</sup>

- **Inspection occurred after employee fell from platform into water tank and drowned.** According to the citation: “The employer failed to ensure that the wall of water tank 496 had a vertical height wall within the range of 42 to 45 inches above the adjacent platform. The wall of tank 496 was 37 inches above the platform and served as a guardrail. On 4/29/09, an employee accidentally fell from the platform into the water tank and drowned.” According to OSHA’s database: “At approximately, 4:50am on April 29, 2009, Employee #1 was occupying a platform near a tank, Number 496, which was a roofless water tank...He fell into the water tank from the adjacent exterior platform and was unable to escape. The water line was 7 feet below the top of the water tank wall. The walls of the tank were 37 in. above the exterior platform, which is less than the minimum 42 inches required. He drowned inside the tank and was found at 9:00 pm on the same day.”<sup>cxlviii</sup>
- **Citation: “Employer failed to ensure that...elevated platform was no less than two feet wide.”** According to the citation: “The employer failed to ensure that the elevated platform adjacent to tank 496 was no less than 2 feet wide. The platform was approximately 17.5 inches wide and 20 feet above the ground.”<sup>cxlix</sup>
- **Citation: “Employee was not wearing...approved personal flotation device.”** According to the citation: “On the platform adjacent to water tank 496, the employer failed to provide at least one U.S. Coast Guard approved 30-inch life ring in a conveniently accessible place. On 4/29/09, an employee accidentally fell from the platform and drowned in tank 496. The employee was not wearing a U.S. Coast Guard approved personal flotation device.”<sup>cl</sup>

**2007: Inspection of Shell location found violation, assessed \$375 fine.** On May 11, 2007, the state of California Division of Occupational Safety and Health issued the results of an inspection of Shell Oil Products U.S. and its successors at 3485 Pacheco in Martinez, California. The inspection resulted in one violation and a \$375 fine.<sup>cli</sup>

- **Citation: “Shell Oil Products failed to protect...employees in the...confined space of Furnace-55 by not ensuring a communication procedure...”** According to the citation: “On

January 27, 2007, employees of Brand Scaffolding entered a permit required confined space at Furnace-55 without procedures for communication. The controlling employer, Shell Oil Products, is responsible for safety and health conditions at the confined space through actual practice and ownership of the work site. Shell Oil Products failed to protect Brand Scaffolding employees in the permit required confined space of Furnace-55 by not ensuring a communication procedure between authorized entrants and attendants during entry.”<sup>cliii</sup>

**May 2006: Shell Oil Products fined \$22,875 for two violations.** On May 5, 2006, the state of California Division of Occupational Safety and Health issued an inspection of Shell Oil Products and its successors, located at 3485 Pacheco Avenue in Martinez, CA. The original inspection resulted in four violations, two of them serious, and assessed penalties of \$29,810. After a formal settlement, a penalty of \$22,875 was agreed upon.<sup>cliii</sup>

- **Citation: “Employees...exposed to hot...heavy...oil.”** According to the citation: “The employer failed to develop and implement separate procedural steps for the safe lockout/tagout of the...Slurry Strainer in the Catalytic Cracking Unit Gas Plant. On November 8, 2005, contractor employees were required to open the West Debutanizer Slurry Strainer. They were exposed to hot (670 degree F.), heavy slurry oil that was at an operating pressure of 110 psig.”<sup>cliv</sup>
- **Citation: “Employer failed to ensure that employees...have been adequately trained in the employer’s hazardous energy control procedures.”** According to the citation: “The employer failed to ensure that employees who are authorized to lockout or isolate the West Debutanizer Slurry Strainer in the Catalytic Cracking Unit Gas Plant, have been adequately trained in the employer’s hazardous energy control procedures.”<sup>clv</sup>
- **Citation: Debris plug released, slurry oil “spraying and seriously injuring a contractor employee.”** According to the citation: “The employer...failed to ensure that the...Slurry Strainer...was isolated (blocked) prior to the removal of the top flange of the Strainer. On November 8, 2005...employer was responsible for ensuring that the...Strainer was isolated from the pipeline containing hot heavy slurry oil...While the top flange of the strainer was removed, a debris plug was released, and the slurry oil was able to pass the partially closed valve, spraying and seriously injuring a contractor employee.”<sup>clvi</sup>
- **Citation: “Employer...Failed to Ensure That the Pressure in the Pipeline...Was Relieved.”** According to the citation, “The employer...failed to ensure that the pressure in the pipeline...was relieved prior to the removal of the top flange of the Strainer. On November 8, 2005, contractor personnel were assigned to clean West Debutanizer Slurry Strainer. The employer...was responsible for ensuring that the pressure was relieved from the pipeline containing hot...heavy slurry oil that was at an operating pressure of 110 psig.”<sup>clvii</sup>

**January 2003: Shell Oil Products Fined \$420.** On January 17, 2003, the State of California Division of Occupational Safety and Health issued an inspection for Shell Oil Products and its successors at 3485

Pacheco Boulevard in Martinez, CA. The original inspection resulted in three violations and \$1,275 in fines. Eventually, \$420 in fines was assessed. <sup>clviii</sup>

- **Citation: “The Employer Failed to Legibly Mark to Indicate the Purpose of All of the Branch Circuit Disconnects.”** According to the citation, “The employer failed to legibly mark to indicate the purpose of all of the branch circuit disconnects...Many of the branch circuit disconnects were not marked or identified in any manner.” <sup>clix</sup>
- **Citation: “The Employer Failed to Maintain a Compilation of Written Safety Information to Enable...Employees...to Identify and Understand...Hazards Posed by the Processes Flammable Materials.”** According to the citation, “The employer failed to maintain a compilation of written safety information to enable the employer and the employees operating the process to identify and understand the hazards posed by the processes flammable materials.” <sup>clx</sup>
- **Citation: “Employer Failed to Develop and Implement Written Procedures that Provide Clear Instructions for Safely Conducting Activities...”** According to the citation, “The employer failed to develop and implement written procedures that provide clear instructions for safely conducting activities involved in each process consistent with the process safety information...” <sup>clxi</sup>

**2002: Shell Oil Products Fined \$4,000 for Violations.** On November 27, 2002, the State of California Division of Occupational Safety and Health concluded an inspection of Shell Oil Products and its successors at 3485 Pacheco Boulevard in Martinez, CA. Originally, the inspection yielded five violations, one serious and one repeat, and \$26,710. Eventually, \$4,000 in penalties were assessed. <sup>clxii</sup>

- **Citation: “Employer Failed to Record Air Monitoring Results for Potential Exposure to Benzene.”** According to the citation, “The employer failed to record air monitoring results for potential exposure to benzene...The employer’s benzene exposure monitoring data failed to contain the time of sampling required for interpreting benzene exposure levels to employees.” <sup>clxiii</sup>
- **Citation: “Process Safety Information Failed to Include Upper and Lower Flammable Limits.”** According to the citation, “The employer’s Process Safety Information failed to include upper and lower flammable limits...” <sup>clxiv</sup>
- **Citation: “Employer Failed to Conduct Inspections and Tests...”** According to the citation, “The employer failed to conduct inspections and tests on the block valve involved in the...release of Heavy Thermal Cracked Naphtha.” <sup>clxv</sup>
- **Citation: “Employer Failed to Ensure the Use of Self-Contained Breathing Apparatus...”** According to the citation, “The employer failed to ensure the use of self-contained breathing apparatus...by responders...The release occurred at the overhead down stream block valve...” <sup>clxvi</sup>

### **1990s: Settling lawsuits, denying responsibility**



Throughout the 1990s, Shell paid millions of dollars in environmental violation lawsuits nationwide. This pattern of settling without admitting wrongdoing allowed the company to continue operating as usual, without making changes to protect local residents or the environment. It seems that Shell regarded these fines and penalties as the cost of doing business.

**1995: Shell & Hoechst Celanese agreed to \$850 million settlement in class action suit—denied wrongdoing or legal liability.** According to an article in Chemical Week: “Hoechst Celanese and Shell Oil have agreed to an \$ 850-million settlement of a class action over defective polybutylene (PB) plumbing systems. The tentative agreement -- filed in Tennessee state court in Union City -- calls for the companies to pay up to that amount for the replacement of PB plumbing systems throughout the U.S. that have developed leaks. Both Hoechst Celanese and Shell deny any wrongdoing -- or legal liability -- in the long running dispute over the piping, which was used in the 1980s to replace copper pipes. However, the companies say they agreed to the national settlement in an effort to end the legal battle over the piping and to avoid further litigation expenses.”<sup>clxvii</sup>

**1994: Division of Shell Oil paid over \$337K to settle environmental violations in California—denied wrongdoing.** According to an article in the Houston Chronicle: “Divisions of Shell Oil Co. and Texaco have agreed to pay civil penalties of \$ 337,703 and \$ 350,000, respectively, to settle alleged environmental violations in California...Shell Western denied any wrongdoing and agreed to the settlement only ‘to avoid the expense of costly and uncertain litigation,’ said spokeswoman Susan Hersberger.”<sup>clxviii</sup>

**1993: Shell, other companies, agreed to pay four states total of \$77 million—denied wrongdoing.** According to an article in the Seattle Post-Intelligencer: “Three oil companies will pay four states - including Washington - a total of \$77 million to settle a price-fixing lawsuit...The firms - Chevron, Mobil Oil and Shell Oil - deny any wrongdoing. The suit, brought by Washington, Oregon, California and Arizona, was scheduled to go trial...The original suit was filed against the three firms and nine others in 1977. The other firms have settled and paid the four states an additional total of \$73 million. Washington's 12 percent share of the \$150 million settlement is about \$18 million, making it the largest antitrust settlement in state history, Eikenberry said.”<sup>clxix</sup>

**1992: Shell paid \$64,000 to Massachusetts in complaint about keeping stations open—admitted no wrongdoing.** According to an article in Oilgram News: “In a settlement...that ended that suit (in Massachusetts), Shell, while not acknowledging any wrongdoing, agreed to neither directly nor indirectly require any retail gasoline dealer in the state to adhere to any stipulation on mandatory hours or days for keeping stations open. Shell also paid \$64,000 to the state as part of the settlement.”<sup>clxx</sup>

**1991: Shell took \$30 million loss to settle alleged price-fixing and anti-trust lawsuit in California, denied any wrongdoing.** According to an Associated Press article: “Shell Oil Co., citing lower crude oil prices and \$90 million in restructuring costs...reported a \$14 million loss for the third quarter...\$30million in the loss was related to the settlement of an alleged price-fixing and antitrust lawsuit with the city of Long Beach, Calif. In August, Shell settled its portion of the suit, which originally was filed in 1975 against several oil companies. Shell did not admit any wrongdoing in the case, said Eydie Pengelly, spokeswoman for Shell.”<sup>clxxi</sup>

## **SHELL UNPREPARED FOR POTENTIAL SPILLS IN AMERICA'S ARCTIC OCEAN**

### **Limited Resources and No Proven Method to Clean Up Arctic Oil Spills**

Despite repeated unrealistic and dubious claims by Shell that they are able to quickly and effectively respond to a spill in the Arctic should one occur (an event that they term as “extremely unlikely” despite government estimates to the contrary), there is concern both within government and without about the company’s ability to respond and the impact if their response plans fail. As many experts have asserted, there is no proven way to clean up an oil spill in the Arctic’s icy, extreme conditions.

**July 2011: Top Coast Guard official says government not prepared to respond to Arctic spill; “We’re starting from ground zero today.”** According to an article in Platts: “The top officer of the US Coast Guard said...that the government is not prepared to respond to an oil spill in Arctic waters if a drilling company fails to control its own well. Admiral Robert Papp, the agency's commandant, told the Senate Committee on Commerce, Science and Transportation that the government had plenty of resources stationed near the Gulf of Mexico last year and could quickly dispatch communication systems, helicopters and other equipment to BP's runaway Macondo well. ‘If this were to happen off the North Slope of Alaska, we'd have nothing,’ said Admiral Robert Papp, the agency's commandant. ‘We're starting from ground zero today.’”<sup>clxxii</sup>

- **Shell would be on its own to clean up spill.** According to an article in the New York Times: “But if a blowout were to occur, Shell would be on its own in cleaning it up, Adm. Robert Papp, commandant of the Coast Guard, told the Senate Commerce, Science and Transportation subcommittee... ‘If the company fails, if the response plan fails, the federal government must in some way be able to back it up with some resources,’ he said. ‘We had plenty of resources, from bases to communication systems to helicopters, in the Gulf of Mexico. And if this were to happen off the North Slope of Alaska, we'd have nothing.’”<sup>clxxiii</sup>

**August 2011: Environmental groups say Shell unprepared to respond to a spill.** According to an article in the New York Times: “Environmental groups...expressed unified opposition to the Interior Department's conditional approval of Shell Offshore Inc.'s plan to drill four wells in Alaska's Beaufort Sea beginning next summer and said they are considering their legal options. The groups said they believe Shell is unprepared to respond to a potential oil spill in Alaska's frigid waters and that drilling activity could divert endangered bowhead whales from critical feeding grounds.”<sup>clxxiv</sup>

**August 2011: Washington Post: “The root of the problem is that no matter how many precautions Shell and other companies take, there is an element of risk and uncertainty.”** According to an article in the Washington Post: “In the Chukchi, Shell is trying to map currents that would be vital to understand in the event—an unlikely event, in Shell’s view—of an oil spill. Surface currents could carry oil one way, underwater currents could carry it another. And in winter, environmentalists say, the ice could act as a sponge making it difficult to collect spilled oil, as happened in a tanker accident near Norway recently...The root of the problem is that no matter how many precautions Shell and other oil companies take, there is an element of risk and uncertainty.”<sup>clxxv</sup>

**August 2011: Guardian: Shell “has been selling its reputation as a responsible and cutting edge oil company in its bid to drill...in the U.S. Arctic...the company has been castigated over its lack of transparency...”** According to an article in the Guardian, Shell “has been selling its reputation as a

responsible and cutting edge oil company in its bid to drill in the Beaufort Sea in the US Arctic...The company has been castigated over its lack of transparency in reporting the leak and for downplaying its magnitude and potential impacts...Gannet A should serve as a wake-up call to a government that has for too long relied on industry assurances that the regime in the UK is 'fit for purpose' and 'robust...' More stringent regulation is urgently required, and there is widespread support for a proposal by the EU commission to extend binding EU environmental and safety regulations to cover European oil companies operating overseas.”<sup>clxxvi</sup>

**August 2011: L.A. Times states Shell’s “plan fails to adequately address many of the harsh realities of drilling in Arctic Seas.”** According to an editorial in the Los Angeles Times: “Shell Oil's proposal to drill three exploratory wells in the Beaufort Sea off Alaska's North Slope received a conditional go-ahead last week from the Obama administration even though the Interior Department has not yet approved the company's plan for responding to a catastrophic oil spill. That plan fails to adequately address many of the harsh realities of drilling in Arctic seas. It's too early for any approval, conditional or otherwise.”<sup>clxxvii</sup>

- **Editorial: “Hazards of drilling in Arctic are quite different and in ways worse.”** According to an editorial in the Los Angeles Times: “The hazards of drilling in the Arctic are quite different and in ways worse. Shell's wells would be just 160 feet underwater, as opposed to the 5,000-foot depth of BP's Deepwater Horizon well, source of the largest offshore oil spill in U.S. history. That, at least theoretically, would make the Arctic wells easier to cap. But there are other important differences. BP's rig was located in generally calm waters that happen to contain oil-degrading bacteria. The gulf's concentration of oil rigs also makes it a hub for Coast Guard rescue equipment and drilling expertise.”<sup>clxxviii</sup>
- **Editorial: No “guarantee that Shell would be able to get disaster equipment to the wells.”** According to an editorial in the Los Angeles Times: “Shell's response plan contends that it can clean up 95% of spilled oil, an unprecedented percentage even in much less hostile environments. But the skimmers and booms that are usually employed to clean up spills don't work effectively in waters with large amounts of floating ice. Nor is there any guarantee that Shell would be able to get disaster equipment to the wells. Canada's National Energy Board recently reported that on one day out of five, conditions in the Arctic, including the Beaufort Sea, are too harsh to send out spill-response teams. Meanwhile, the nearest Coast Guard station is 1,000 miles away, and the agency told the Senate Committee on Commerce, Science and Transportation that it cannot be counted on to respond to spills off the North Slope. Shell's proposal must clear other hurdles before any drilling can take place. For example, the company must show other federal agencies that its activities would not harm polar bears or marine life. But the application shouldn't have reached this point without a response plan that is realistic about the environmental dangers of seeking an energy future in the Arctic seas.”<sup>clxxix</sup>

**August 2011: Approval based on “fantastical claim” that Shell could recover 95 percent of oil in Gulf-style blowout.** According to an article in Rolling Stone: “The Interior Department has greenlighted Royal Dutch Shell's exploration plans for offshore drilling in the Arctic Ocean after finding ‘no evidence’ that a potential spill larger than the *Exxon Valdez* will ‘significantly affect the quality of the human environment.’ The decision is premised on the oil company's fantastical claims that it will be capable of recovering 90 percent [sic] of any oil that hits the water after a Gulf-style blowout. Shell is now on track to begin Arctic drilling by next July, pending final permitting and (most likely) fierce litigation.”<sup>clxxx</sup>

- **Drilling in Arctic far more perilous than Gulf drilling, no proven technology for cleaning up oil in icy water.** According to an article in Rolling Stone: “Drilling in the Arctic is far more perilous than drilling in temperate southern waters: There's no proven technology for cleaning up oil in icy water, which can render skimming boats useless – much less able to cope with a gusher under the ice. In the worst-case scenario, according to marine scientists, a blowout that takes place in the fall, when the seas are freezing over, oil could flow unabated until relief wells could be drilled the following summer. Shell's just-approved exploration plan does not account for this kind of months-long catastrophe. Its worst-case scenario describes an uncontrolled blowout in lasting just 43 days, resolved by the arrival of another ship, unimpeded by sea ice, to drill a relief well. Even so, Shell admits that a massive amount of oil would be released into the environment: 400,000 barrels into the Beaufort Sea, or one-and-a-half times the amount of crude spilled by the *Exxon Valdez*, in 1989. Shell insists, however, that only a small fraction of that – 10 percent – would remain in the environment. ‘During these 43 days, it is possible that 40,712 [barrels] of oil would escape primary efforts using mechanical recovery.’” <sup>clxxxii</sup>

**2010: Arctic disaster response would be complicated by remote location.** According to a 2010 article in Rolling Stone: “Experts also warn that a spill in the Arctic would be far worse than the disaster currently unfolding in the Gulf, where experienced contractors and relief equipment are close at hand. By contrast, the sites in the Arctic where Shell plans to drill are devilishly remote. The closest Coast Guard station is on Kodiak Island, some 1,000 miles away. The nearest cache of booms to help contain a spill is in Seattle — a distance of 2,000 miles. There are only two small airports in the region, and even if relief supplies could somehow be airlifted to the tundra, there are no industrial ports to offload equipment into the water. Relief equipment can realistically be brought to the region only by boat — and then only seasonally. The Arctic is encased in ice for more than half the year, and even icebreakers can't assure access in the dark of winter. ‘If it's this hard to clean this up in the relatively benign conditions of the Gulf of Mexico,’ Sen. Sheldon Whitehouse cautioned Salazar at a hearing after the BP spill, ‘good luck trying to implement this sort of a cleanup in the Arctic.’” <sup>clxxxiii</sup>

**2010: National Oceanic and Atmospheric Administration urged Obama to halt Arctic leases due to lack of preparedness for spills.** According to an article in Rolling Stone: “The Obama administration has been warned by its own scientists that drilling in the Arctic poses a grave risk to the environment. Last September, the National Oceanic and Atmospheric Administration urged the president to halt future leases in the Arctic, warning that federal regulators operating on Bush-era guidelines had ‘greatly understated’ the risks of drilling. Both industry and government, the scientists added, displayed a ‘lack of preparedness for Arctic spill responses’ and had failed to ‘fully evaluate the potential impacts of worst-case scenarios.’” <sup>clxxxiii</sup>

### **Shell Repeatedly Makes Unrealistic and Dubious Claims about Potential Arctic Drilling**

**Shell on Shell: “Shell’s research in the Alaska offshore is groundbreaking...”** According to Shell documents: “Shell’s research in the Alaska offshore is groundbreaking and will provide scientific building blocks for generations to come...Shell has also invested significantly in the placement of marine mammal observers and biologists in aircraft and marine vessels.” <sup>clxxxiv</sup>

**Shell on Shell: “Shell can recover oil on ice and in broken conditions...Shell has been at the forefront of research and development activities...Shell is recognized as a leader in perfecting response techniques and equipment...”** According to Shell documents: “Shell can recover oil on ice

and in broken conditions, and there are response techniques that can be efficiently used on oil in broken ice. Shell has been at the forefront of research and development activities involving the removal of spilled oil from solid landfast ice and broken ice. Shell is recognized as a leader in perfecting response techniques and equipment for the effective removal and combustion of spilled oil under arctic conditions...Shell has used its extensive...experience...to develop one of the most comprehensive oil spill response programs ever assembled for an Arctic exploration program.”<sup>clxxxv</sup>

**Shell on Shell: “A large oil spill...is an extremely unlikely event—virtually nil.”** “A large oil spill...is an extremely unlikely event—virtually nil, when considering exploratory drilling...if a spill did occur, it would likely have minimal impact upon the surrounding environment. Oil spills of any kind are exceedingly rare in drilling and production activities, however, Shell is prepared...No other company has ever deployed the immediate response resources here that Shell has.”<sup>clxxxvi</sup>

**Shell on Shell: “Shell’s record in preventing oil spills...Is excellent.”** “Shell’s record in preventing oil spills...is excellent.”<sup>clxxxvii</sup>

**Shell’s 2010 Chukchi Sea plan: “Shell concludes there is a 0% risk of a crude oil spill”; conclusion rebutted by North Slope Borough.** According to a document entitled “NSB Comments on ACMP Consistency - ODPCP Concerns 2010 Shell Offshore Inc. 2010 OCS Exploration Plan, Chukchi Sea,” “Shell concludes there is a 0% risk of a crude oil spill, a statement which technically, historically, mathematically and logically unsupported. To assume a 0% risk, no human or mechanical error could occur. This is unrealistic. Shell cannot guarantee no human or mechanical error will occur.”<sup>clxxxviii</sup>

**August 2011: Shell claims industry’s “most robust” spill response plan.** According to an article in the New York Times: “Shell acquired the leases as early as 2005 and has poured billions of dollars into the project but has been stifled by environmental appeals and a lawsuit in the adjacent Chukchi Sea. The company says it has taken ‘extraordinary steps’ to prevent a spill and has the industry’s ‘most robust’ oil spill response plan. But environmental groups said the exploration plan does not go far enough to avoid significant impacts to bowheads and other ocean mammals and that it allows Shell to drill until the end of October, dangerously close to when waters freeze over.”<sup>clxxxix</sup>

- **Shell claims cleanup plan could mechanically remove 25,000 barrels daily.** According to an article in the New York Times: “For its part, Shell said its oil spill response capacity exceeds its calculated worst-case discharge volume for the wells being proposed. Shell Alaska Vice President Pete Slaiby...told a Senate committee that his company plans to use two shearing rams on its blowout preventer and will be capable of mechanically removing 25,000 barrels of oil a day... ‘We stand ready to deploy the most robust Arctic oil spill response system known to industry,’ Shell spokesman Curtis Smith said.”<sup>cxc</sup>
- **2010: Environmental assessment by Department of Interior didn’t analyze worst case scenario.** According to an article in Rolling Stone: “According to the Environmental Assessment that Interior conducted last December on Shell’s drilling plan, ‘A very large spill from a well-control incident is not a reasonably foreseeable event, and therefore, this EA does not analyze the impacts of such a worst-case scenario.’ The response plan that Shell put together in case of a disaster is equally disturbing: The oil giant says it is only prepared to respond to a spill of 5,500 barrels a day — a fraction of the 60,000 barrels currently estimated to be pouring into the Gulf. Shell, the eighth-largest corporation in the world, has a disturbing record when it comes to the

environment: Its operations in Nigeria spilled at least 100,000 barrels of crude last year alone.”  
cxci

- **2010: Shell never conducted Arctic offshore response drill.** According to an article in Rolling Stone: “Shell, in fact, has never conducted an offshore-response drill in the Chukchi Sea. Perhaps that’s because there’s no proven technology for cleaning up oil in icy water, which can render skimming boats useless — much less to cope with a gusher under the ice. In the worst-case scenario, according to marine scientists, a blowout that takes place in the fall, when the seas are freezing over, could flow unabated until relief wells could be drilled the following summer. In the interim, oil could spread under the sea ice, marring the coastlines of Russia and Canada, and possibly reaching as far as Norway and Greenland...Such a disaster would threaten the Arctic’s bountiful marine life, including polar bears, walruses, seals and migratory seabirds from every continent but Europe, to say nothing of gray whales and the endangered bowhead whale, on whose continued survival the native hunting communities along the Arctic coast depend.” cxcii

**February 2009: Shell President Marvin Odum states “We have assembled what is arguably the most environmentally sensitive and thoroughly responsible exploration plan in history.”** According to written testimony by Odum on February 25, 2009: “We understand that we need to protect the environment and Arctic ecosystem. Shell is ready to move forward with an exploration program that does just that... We have paid the Federal Treasury nearly over \$2 billion for the right to lease the acreage. We currently have 434 leases in the Beaufort Sea and the Chukchi Sea...We have assembled what is arguably the most environmentally sensitive and thoroughly responsible exploration plan in history.” cxciiii

**July 2010: Shell claims shallow Arctic water would make drilling safer than in Gulf.** According to an article in Rolling Stone: “In its recent appeals to government regulators, Shell has claimed that, because it would be drilling in shallow waters of roughly 150 feet, its operations in the Arctic would be safer than BP’s well in the Gulf, which ruptured 5,000 feet below the surface. But the government’s own data shows that most blowouts occur in shallow water. And the 10-week-long gusher that followed the blowout of a rig last fall in shallow waters off the coast of Australia is proof that catastrophe can strike at any depth. ‘Drilling in the Arctic should make the hairs stand up on the back of your neck,’ says Sylvia Earle, the former chief scientist at the National Oceanic and Atmospheric Administration. ‘There are values there that transcend the value of any fossil fuel we can extract — irreplaceable ecosystems that we don’t know how to put together again. There are some places you should not drill, period.’” cxciiv

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<sup>i</sup> Converted from British pound sterling to US dollars Monday, October 3, 2011 using Google's conversion calculator with an exchange rate of 1 British pound sterling = 1.5494 US dollars. Converted amounts are approximate. "Google cannot guarantee the accuracy of the exchange rates used by the calculator. You should confirm current rates before making any transactions that could be affected by changes in the exchange rates. Foreign currency rates provided by Citibank N.A. and displayed under license. Rates are for information purposes only and are subject to change without notice. Rates for actual transactions may vary, and Citibank is not offering to enter into any transaction at any rate displayed."

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