PDO 2003 SHELL Resource Volume Submission

Introduction
This note for file provides an audit trail on how the 2003 resource volume submission was prepared.

Proved Developed and Undeveloped Reserves
During 2003, proved developed and proved undeveloped reserves have been estimated bottoms-up on a field-by-field basis during the Business Programme preparation.

Proved Developed Reserves
Proved developed reserves at 1.1.2004 are the Shell share sum of the Business Plan NFA forecast, cut-off at the end of the licence period in June 2012. Proved developed reserves are based on extrapolation of history-matched well & field performance, using decline curves, material balance or reservoir simulation models. An audit trail of the volumes on a field by field basis is contained within the PEEP dataset for the Business Plan. A more detailed breakdown of developed reserves on a well by well basis can be derived by referring back to the business plan documentation for specific fields.

Proved developed reserves at 1.1.2004 are estimated at 355 million barrels Shell share within licence. This represents a reduction in the 1.1.2003 proved developed reserves (which the 2003 reserves audit found "largely reasonable") of 40 million barrels Shell share: -87 million barrels production and + 47 million barrels development and technical revision.

Proved Undeveloped Reserves
Proved undeveloped reserves are the Shell share of the sum of production profiles (cut-off at June 2012) of projects which are deemed to develop "proven areas" in fields and where the recovery mechanism(s) can be considered proved. The projects are in the company's business plan and value assured Field Development Plans are in place, thus demonstrating a sufficient level of commitment to the projects and appropriate maturity of the estimated reserves volumes. An audit trail of the volumes is contained within the PEEP dataset for the Business Plan and by referring back to Field Development Plans for specific fields.

Proved undeveloped reserves at 1.1.2004 are estimated at 72 million barrels Shell share within licence. 75% of the proved undeveloped reserves sit in the Harweel, Barik, Amin and Zaulyah fields, with the remainder spread across another 13 fields.

As a result, the anticipated de-booking at the end of 2003 is 393 million barrels Shell share within licence. This anticipated de-booking can be sub-divided into two categories:
- 144 million barrels associated with projects which are not sufficiently mature to qualify as proved undeveloped reserves.
- 249 million barrels with no identifiable and economic projects in the proved area of the field to develop this volume - the "Shell share proved reserves match".

Expectation Developed and Undeveloped Reserves
Expectation developed and undeveloped reserves have been estimated in the same way as proved reserves i.e. bottoms-up on a field-by-field basis during the Business Programme preparation.

Expectation Developed Reserves
Given the maturity level of PDO fields expectation developed reserves is equal to proved developed reserves and was evaluated as explained in above.

DTEM7, 18 January 2004
Expectation Undeveloped Reserves

Changes to expectation reserves are limited to a decrease due to 2003 production and an increase by 1.91 MMm3 due to revisions in Hawqa & Nafoorah fields. Thus the expectation reserves includes the 50 MMm3 Shell share “match voluma” (934 million barrels on 100% basis) as identified in the Shell STOIP/Reserves Review as well as production from projects in the business plan for which the project is not sufficiently mature to qualify as proved reserves. We plan to revise expectation reserves on the completion of petroleum engineering studies and FDPs over the coming few years.

Expectation reserves within license exclude any match volumes, but include production to 2012 from projects in the business plan for which the project is not sufficiently mature to qualify as proved reserves.

Scope for Recovery

Currently in PDO SFR is split into three categories: Commercial SFR (UTC< $10), Marginal SFR ($10 UTC <$15) and Un-Commercial ($15 UTC <$25). And within each category SFR is split further into sub-categories EOR, IR, Revision and etc. To align with scope categories in SFR Oil sheet the following criteria was used:

Commercial SFR Proved Technique: All Commercial SFR excluding EOR
Commercial SFR Un-Proved Technique: EOR Commercial/SFR
Undefined SFR: Exploration commercial Defined and Undefined leads
Non Commercial SFR: All Marginal and Un-commercial SFR

During 1.1.2003 submission all SFR was reported to be matured with licence (2012). In this year submission an attempt was made to estimate SFR to be matured within licence. To achieve this, a ratio (0.68) of SFR volume to be matured in within licence over total SFR volume as proposed in 2004 Programme Build was used.

Standardized measure

PDO has followed for the calculation of the Standardized measure the 2003 version of the guidelines. Development expenditure used in the calculation is the sum of the development expenditure for those projects associated with the reported undeveloped reserves and determined using the same selection criteria. Non production related expenditure associated with these projects has been allocated. As the unit expenditure (as reported in FIRST/EPMIS) and thus the unit margin includes the ‘pay-as -you-go’ treatment of abandonment expenditure no further abandonment expenditure has been included to avoid double counting.
Ladies, Gents,

There have been (re)submission received for:
ab - Abu Dhabi ; Shell Abu Dhabi BV
at - Austria ; RAG
bl - Brazil ; Shell Brasil Ltda.
br - Brunei ; Brunei Shell Petroleum Co Sdn Bhd
brf - Brunei (SDB) ; Shell Deepwater Borneo Ltd.
eg - Egypt ; Shell Egypt N.V.
ma - Malaysia ; Shell Malaysia (total)
og - Oman Gisco ; Oman Gisco.

Regards, Bea
<table>
<thead>
<tr>
<th>Cluster</th>
<th>Field</th>
<th>Produced by projects in Business Plan (if under-funded by FDP in 2004)</th>
<th>SFR projects to mature in 2004</th>
<th>Produced by projects in Business Plan (if under-funded by FDP in 2004-05)</th>
<th>SFR projects to mature in 2004</th>
<th>(Conventional Recovery) Projects not currently identified</th>
<th>Total</th>
<th>Field Status</th>
<th>Study Status</th>
<th>What has happened since last booking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Namaul</td>
<td>Sennel</td>
<td>1.6</td>
<td>13.5</td>
<td>13.6</td>
<td>6.3</td>
<td>62.0</td>
<td>53.3</td>
<td>In production</td>
<td>Under study to prepare FDP update</td>
<td>Ultimate recovery was forecast in 1999 based on our simulations not including high water. This has not been borne out by subsequent field performance data and 3D reservoir model studies. The field is currently being re-evaluated for performance.</td>
</tr>
<tr>
<td>Garm Alem</td>
<td>Garm Alem</td>
<td>0.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20.4</td>
<td>In production</td>
<td>Under study to prepare FDP update</td>
<td>Rebate was included in 1999, based on a horizontal well Pilot Development Plan. In 2001-2002, the development was suspended following mid-through-shot injection water well. The field is currently being re-evaluated for further development.</td>
</tr>
<tr>
<td>Harweel</td>
<td>Harweel</td>
<td>6.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12.9</td>
<td>Under Development</td>
<td>Study under evaluation</td>
<td>Reserves were confirmed on the scale of a steam pilot. Subsequent to the re-steam syne, it was established that the production measurements during the pilot were consistently high. The Garm Alem steam project is being progressed towards FDP in 2004.</td>
</tr>
</tbody>
</table>

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Treatment Requested

**Case 3:04-cv-00374-JAP-JJH**

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All volumes are million barrels Shell share