Exhibit 110
Ian,

See attached. I still cannot understand how the case for reserves booking falls apart on the day we have to make the submission despite being assured for several months that we are on track to book incremental reserves. The news went down like a lead balloon and clearly will impact all our performance assessment for 2001, despite all the other good things achieved.

Any thoughts? I'll call later.

Regards,

Rob

> Original Message
> From: KARSTEN, LUUK H.
> Sent: 11 January 2002 13:16
> To: Inglis, Robert R.B.
> Cc: Smits, Wouter W.G.; DUHON, CHRIS C.
> Subject: RE: SDAN Reserves Booking
> > Rob,
> > I am puzzled.
> > The Guidelines (EP 2001-1100: section 3.2 and 6.1) seem not that clear cut as to require NPV positive with expectation costs and proven reserves.
> > The rationale is not clear either: you build expectation facilities, produce and find you only proven reserves - still reserves.
> > The method of last year: a scenario of tapping into proven reserves.
> How do we explain that we have the same proven reserves after a year of solid appraisal and work that give more confidence? The investor must feel cheated.
> Deadline past (last Wed COB), but very disappointed, also because no feedback time between auditor’s verdict and deadline.
> Regards,
> Luuk

> Further to my phone call on Thursday 10th, here is a summary of the position with respect to reserves booking for Block 18.
> The appraisal well and reservoir studies performed in 2001 have given us much better understanding and confidence in the reserves in Plutonio and Cobalto fields. Therefore work has been carried out to justify booking incremental reserves in Plutonio and Cobalto over those booked last year. The conclusion of this work is that at $14 oil price, the P85 reserves are not commercial (NPV +ve). This means we cannot book any proven reserves for B18. The P85 reserves are commercial at $16 but $14 is being used for reserves booking.

> Expectation case @ $14; NPV = $36.5mln
> Proven case @ $14; NPV = -$89.1mln
> A more than 15% reduction in all capex is required to achieve NPV=0
> Proven case @ $16; NPV = $9.8

> This year we have strictly followed the reserves booking guideline rules. Last year we were allowed to use a special approach (booking P50 volumes in high confidence areas), fully agreed by the

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reserves auditor,
to enable reserve booking in view of the relative immaturity of the subsurface understanding. Furthermore, significant changes in the economic assumption from last year were made:

- More Luanda Office/Operation set up costs
- First oil delayed one year
- Revision in FPSO abandonment costs
- Small changes in oil price discount

In view of foregoing I am regretfully forced to recommend not to book additional reserves this year but to leave last year's booking of 74 MMbbl as it stands.

More details if required.

Regards,

Rob

Rob Inglis
Block 18 Asset Manager
Shell Development Angola B.V.
Rijswijk, The Netherlands
Tel 00-31-70-3113547
Fax 00-31-70-3113777
E-Mail r.b.inglis@siel.shell.com