

Exhibit 81

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EP 2003-1102

**Guide for the Administration of Proved Reserves and
Production for External Disclosure**

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**DEPOSITION
EXHIBIT**

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#10 2/20/07

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**Guide for the Administration of Proved Reserves and
Production for External Disclosure**

Custodian: SIEP EPS, BPF
Date of issue: July 2003
ECCN number: Not subject to EAR-No US content

This document supersedes Report EP 86-0725: *"Guide for the Administration of Returns of Hydrocarbon Reserves and Production in EP and FN"*, November 1986, updated February 1996.

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KEYWORDS

PROVED OIL AND GAS RESERVES, RESERVES COMMITTEE, GROUP COMPANIES,
ASSOCIATED COMPANIES, SEC, FASB

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1. INTRODUCTION

The status of the Group's oil and gas proved reserves position and the changes in the figures from year to year are reviewed regularly by the EP Executive and by the Committee of Managing Directors. The proved reserves status and changes over time are reported in the Parent Company Annual Reports and the United States Securities and Exchange Commission (SEC) "Form 20-F" annual report submission. Production volumes are also disclosed in these reports and in the Quarterly Results Announcement. Further explanation of all figures is also provided in presentations made in meetings with financial analysts.

The accuracy and consistency of the production and reserves figures reported are therefore of significant management concern, not only in their technical evaluation but also in their conformance with applicable regulations and in respect of Group interest under the various corporate arrangements with the EP Operating Companies ("Asset Holders").

The EP Hydrocarbon Resource Coordinator has the responsibility to ensure that reserves reporting guidelines, approval processes and data gathering systems are in place for the collection and disclosure of accurate proved reserves information in a timely manner.

The Group Reserves Auditor has the responsibility to verify that reserves evaluations made for Group annual financial reporting purposes are in conformance with the approved procedures and definitions, and he or she acts independently to provide this assurance to the Reserves Committee and, hence, the EP Executive.

The Reserves Committee takes responsibility for ensuring that the business controls pertaining to proved reserves disclosures are adequate and are being adhered to.

This guide provides a summary of responsibilities and authorities as applied during the administration of returns of hydrocarbon reserves and production, which are subsequently used as the basis for Group reporting. It refers to the relevant statutory rules and to internal Shell documents which guide the application of said rules by Shell EP Asset Holders and in which the procedure for compiling the required figures is described. Taken in total, this documentation, and execution of work activities in conformance with it, is intended to promote consistency in the application of definitions and in the preparation of reports or returns by all parts of the Shell EP organization.

Since information, in particular concerning production, is collected both through the Annual Report of Petroleum Resources (to EPS) and through financial reporting systems (FIRST: to Group Reporting, SI-FCGB, and EPF), it is essential that the technical and finance functions in the regions and Asset Holders fully coordinate and reconcile their figures prior to submission.

Proved reserves disclosures must conform to the rules and regulations set by the SEC. It is therefore important at all stages leading to the disclosure of these figures that roles and responsibilities are agreed and adhered to. This guide is designed to help meet these objectives and to provide a summary of the controls that are in place to assure the accuracy of the Group's proved reserves disclosures.

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2. DEFINITIONS AND THEIR APPLICATION

Proved reserves are a constituent part of the total hydrocarbon resources in the Group's portfolio; other categories, which are not yet sufficiently mature as to qualify for disclosure under the SEC rules, are probable reserves, discovered scope for recovery and undiscovered scope for recovery. Definitions of terms relating to all hydrocarbon resource volume categories, including proved reserves, can be found in:

**EP yyyy-1100^a: Petroleum Resource Volume Guidelines
Resource Classification and Value Realisation**

The Petroleum Resource Volume Guidelines provide a framework for describing the maturation of hydrocarbon resource volumes with reference to EP business activities such as exploration, appraisal, field development planning, field development and production operations. The guidelines are updated annually, or less frequently when updates are deemed not to be necessary in a particular year. Revisions are required for several reasons, including: to take into account evolving guidance from the SEC on the manner in which its rules should be interpreted; to revise or (more usually) clarify Shell's further interpretation of the SEC rules, and; to reflect changes and clarifications to resource volume category definitions other than proved reserves. Such changes are made only after consultation with senior specialists in the Group. In the case of any changes affecting the Group's proved reserves disclosure, the approval of the Reserves Committee and the EP Chief Executive Officer is required and the matter may be referred further to Group Reporting (SI-FCGB) and/or the Committee of Managing Directors either for information or approval depending on the circumstances of each case.

The Petroleum Resource Volume Guidelines are the standard reference for all Shell EP professionals engaged in the estimation of proved reserves. They are also the standard against which the Group Reserves Auditor conducts (1) periodic audits of the reserves reported by Asset Holders and (2) reviews of the Group's overall annual proved reserves disclosure (see 5 below).

Given the foregoing, only those definitions that are directly applicable to the external disclosure of proved reserves are listed below:

- (a) Proved oil and gas reserves, and
- (b) Proved developed oil and gas reserves, and
- (c) Proved undeveloped reserves

External disclosures of proved reserves must comply with the rules set by the United States Securities and Exchange Commission (SEC), Rule 4-10(a) of Regulation S-X, produced pursuant to the United States Securities Exchange Act of 1934. This is reproduced in Appendix A and it defines all three terms listed above. As mentioned previously, the Petroleum Resource Volume Guidelines (EP yyyy-1100) provides guidance on how the SEC rules are to be interpreted and implemented in estimating the Group's proved reserves.

Note: The SEC rules are based on several Statements of Financial Accounting Standards (FAS) produced by the United States Financial Accounting Standards Board (FASB), notably: FAS19 (1977), FAS25 (1979) and FAS69 (1982).

^a All versions retain the same EP reference number ("1100"), prefixed by the year of issue ("yyyy")

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(d) Parent companies

There are two Parent Companies: Royal Dutch Petroleum Company and The "Shell" Transport and Trading Company plc. For further information on Parent Companies and other entities described below, please refer to the Manual of Group Financial Accounting Policies, section A.30.

(e) Group (Shell)

The Group is the collection of all companies in which the Parent Companies hold interests, either directly or indirectly. The Group is also referred to as "Shell" herein.

(f) Group companies

For the purposes of external disclosures, Group Companies are companies in which the Parent Companies together have direct or indirect control through a majority of the voting rights, the power to exercise control or the ability to appoint the majority of the management or supervisory boards. Some companies in which the equity interest is greater than 50% are treated, by exception, as Associated Companies.

Where any of the remaining, minority equity share capital is not held by the Shell Parent Companies, this interest is referred to as a "minority interest shareholding". Any significant contribution that minority interest shareholdings make to the total proved reserves of Group Companies must be disclosed in Form 20-F.

(g) Associated companies

For the purposes of external disclosures, Associated Companies are companies in which the Group companies do not have control but in which they have an interest (normally this means up to and including 50% of the voting rights) in the operating and financial decisions of the company. Some companies in which the equity interest is greater than 50% are treated, by exception, as Associated Companies.

(h) Service companies

The main business of Service Companies is to provide advice and services to other Group and associated companies.

(g) Operating companies (Asset Holders)

Operating Companies are engaged in various activities related to oil and natural gas, chemicals, power generation, renewable resources and other businesses throughout the world. Under the EP global organization and for the purposes of this document, EP Operating Companies are referred to as Asset Holders.

(h) Group interest

Group Interest is used to indicate the direct and / or indirect proportionate equity interest held by the Parent Companies in a venture or partnership or company (i.e., after exclusion of minority interest shareholdings in Group Companies and third party interests in Associated Companies).

(i) Group share

Group Share is used to indicate the volumes to which Group and Associated Companies are entitled for proved oil and natural gas reserves and production. Group Share of production is also referred to as "net equity production". Further information on factors to be taken into consideration when calculating the Group Share of proved reserves can be found in the Petroleum Resource Volume Guidelines.

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3. PROCEDURES FOR COLLECTING AND REPORTING DATA

3.1 Specific guides

The two key documents to be used by those responsible for estimating and reporting proved reserves data (as well as data on other petroleum resource volume categories) are:

- a) "Petroleum Resource Volume Guidelines: Resource Classification and Value Realisation" – issued by SIEP-EPS annually, standard reference code EP yyyy-1100, in which "yyyy" denotes the year of issue (e.g. "2002").

This describes the Shell petroleum resource volume classification system and the rules and guidelines that are to be followed in the estimation of all such volumes, including proved reserves.

- b) "Petroleum resource volumes submission requirements for internal and external reporting" – issued by SIEP-EPS annually, standard reference code EP yyyy-1101, in which "yyyy" denotes the year of issue (e.g. "2002").

This describes the manner and format in which petroleum resource volumes, and in particular changes to said volumes, are to be reported annually by all Asset Holders.

3.2 Main reports in which oil and gas reserves figures are used

- a) EP Reserves and Scope For Recovery

This is an annual internal publication in which the status of petroleum resource volumes in all categories is summarized at the Asset Holder, region and EP level, with commentaries being provided on reasons for change, trends and comparison of the Group's performance over time with that of its main competitors (in the case of proved reserves).

- b) Annual Report submission to the US Securities and Exchange Commission (SEC, Form 20-F)

The Group results included in SEC Form 20-F include supplemental information on proved oil and gas reserves. This includes details of proved reserves and proved developed reserves at the start and end of the year, together with an analysis of the changes that occurred during the year. The data are grouped by geographical area and subdivided into Group Companies and Associated Companies (in line with the reporting of certain financial information under these categories elsewhere in the Form 20-F report). Data from the previous two years are also reproduced. These data are prepared by the EP Hydrocarbon Resource Coordinator, are reviewed and verified by the Group Reserves Auditor and the external Group Auditors and are then submitted to Group Reporting (see 5 below).

Form 20-F also includes a report of the Standardized Measure of Discounted Cash Flow applicable to the Group's proved reserves, referred to commonly as the "Standardized Measure". This is required under FAS69, in which certain conditions for the calculation are stipulated.

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In addition a geographical analysis of net equity production of oil, natural gas liquids and natural gas per annum for the reporting year and in previous years is included. These production data are prepared by Group Reporting from information provided through the Group Financial Information system ("FIRST"). The Group Reserves Auditor verifies the consistency between the production data so reported and that reported separately by the Asset Holders as part of the submission of reserves data.

The supplemental information on proved oil and gas reserves is not audited but is subjected to review procedures to assure compliance with the Petroleum Resource Volume Guidelines and hence the applicable SEC regulations (see 5 below).

c) **Parent Company Annual Report(s)**

The Parent Company Annual Report(s) contains similar information for oil and gas reserves to that provided for SEC Form 20-F.

d) **Quarterly Results Announcement**

Net equity production, analysed by geographical region by quarter, is submitted to Group Reporting by Asset Holders through the Group Financial Information system ("FIRST"). These data are not verified by the Group Reserves Auditor except in the case of the fourth quarter, in which production for the entire year is verified as mentioned in (b) above. Reserves are not disclosed externally except at the end of the year with, or at about the same time as, the fourth quarter results.

e) **Financial and Operating Information**

This report includes similar information to that published in SEC Form 20-F.

3.3 Preparation of reports

Appendix B illustrates schematically the steps leading to the preparation of net equity production figures for inclusion in the various Quarterly and Annual reports listed in section 3.2 above.

Appendix C illustrates schematically the steps leading to the preparation of proved reserves figures for inclusion in the various reports listed in section 3.2 above. The schematic indicates the activity to be carried out, the action parties and comments to aid clarity.

Part 1 of the schematic concerns activities that take place during the course of the reporting year and which focus primarily on the flow of information to the EP Executive on progress with proved reserves changes that are likely to be reflected in disclosures made at the end of the year. During this period there is provision for a challenge session on proved reserves changes that are to be disclosed at each regional level, at which senior technical professionals within each region will review the proposed changes for compliance with the Petroleum Resource Volume Guidelines and, hence, with the SEC rules. There is also provision for two reviews of status by the Reserves Committee – the first taking place in July and the second in October after, and hence benefitting from the recommendations of, the regional challenge sessions. The objective of these reviews is to enable the Reserves Committee (and, where necessary, the EP Executive) to determine or otherwise approve actions to be taken in relation to proved reserves bookings or debookings that are to be reflected in the year-end reports.

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Part 2 of the schematic concerns activities that take place after the close of the reporting year. This includes all aspects relating to the collection, quality checking and summarizing of information submitted by the Asset Holders to the EP Hydrocarbon Resource Coordinator. It also includes the review and verification of the proved reserves data by the Group Reserves Auditor and the provision of information to the external Group Auditors. Finally it summarizes the procedures by which Reserves Committee members approve the proved reserves figures for publication.

An approximate timetable for all activities is indicated in Appendix C, a more detailed version of which is produced annually by the EP Hydrocarbon Resource Coordinator in consultation with SIEP-EPF, SI-PCGB (Group Reporting) and SI-PXXC (External Affairs: Annual Report and Form 20-F production).

In support of the preparation of proved reserves disclosures, three additional documents are used purely for internal administrative purposes and they are referred to in Appendix C:

(a) Reserves Reporting Workbook

This is a Microsoft Excel workbook, configured in a standard format for all Asset Holders and designed to capture information on all movements and changes in petroleum resource volumes during each reporting year (calendar year). The workbook is also used to collect Standardized Measure of Discounted Cash Flow data, again on a consistent basis across the whole Group. A workbook, pre-populated with opening balances, is distributed to each Asset Holder by the EP Hydrocarbon Resource Coordinator in Q4 of each year, with returns required by mid-January of the following year. The aggregation of information supplied in this manner constitutes the Group's global database of petroleum resource volumes and forms the basis for, among other things, its external disclosure of proved reserves.

(b) Opportunities Catalogue

A summary of opportunities that have the potential to add significant proved reserves to the inventory is maintained by the EP Hydrocarbon Resource Coordinator and is used as the basis for prioritizing work programmes where appropriate.

(c) Potential Exposure Catalogue

An inventory is maintained by the EP Hydrocarbon Resource Coordinator of proved reserves in the current portfolio that could potentially be at risk. This generally consists of volumes which were booked previously but which may not fulfil the present guidelines (which may have been revised since the bookings were made). Debooking of these volumes is held pending while the results of imminent actions or decisions are awaited, for example appraisal drilling or FID. The catalogue is considered by the Reserves Committee at least twice annually (at the two reviews referred to above), with direction being given as to the continued booking or debooking of reserves as appropriate (also with reference to the views of the Group Reserves Auditor).

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4. ANNUAL PRODUCTION VOLUMES

Both reserves and production volumes must be quantified at the same reference conditions for ease of comparison.

For reservoir engineering purposes the measurement of the total physical production withdrawn from the reservoir is required to help estimate the remaining oil and gas reserves. However, in external disclosures and in accordance with Shell's general accounting principles, both reserves and production are specified as products that are available for sale.

Generally, for liquids (oil and natural gas liquids), these two volumes (i.e. those physically produced and those available for sale) are the same. However, frequently for gas (and occasionally for liquids) a portion of the physical production is consumed as fuel ("Own Use"), or is otherwise "lost" through flaring or venting to the environment ("Losses"). Disclosures of production and reserves must take into account volumes consumed in this manner, requiring Asset Holders to maintain parallel data records of the products physically extracted from the reservoir (for use in reservoir engineering analysis) and those either actually sold (production) or expected to be sold (reserves) after making due allowance for Own Use and Losses.

This approach is consistent with the definitions applied for, for example, Gas Production available for Sales from own reserves (GPafS), as applied to Finance reporting and documented in the Group Financial Information Manual (GFIM).

In the past it was standard practice for the Group to report natural gas sales volumes in SEC Form 20-F (and other external disclosures) on a different basis to the production figures listed in the supplemental information concerning proved reserves. The former was quoted at "normal" conditions of temperature and pressure and normalized to a reference calorific value, while the latter was quoted at "standard" conditions and was not normalized for calorific value.

Since 2001, this potentially confusing difference has been removed and all volumes are now quoted as follows:

Not normalized for calorific value, the volume being expressed either in standard cubic metres (i.e. at 1013 mbar and 15°C) or standard cubic feet (i.e. at 14.65 lbf/in² and 60°F/15.6°C).

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5. RESPONSIBILITIES AND AUTHORITIES

5.1 Disclosure of Proved Reserves and Standardized Measure

The estimate of proved reserves and Standardized Measure at year-end is prepared by the Asset Holders in accordance with the Petroleum Resource Volume Guidelines and submitted to the EP Hydrocarbon Resource Coordinator in January of each year. The EP Hydrocarbon Resource Coordinator checks the submissions for quality and consistency with reference to the Petroleum Resource Volume Guidelines before passing the data, plus summaries in the format of the eventual disclosure, to the Group Reserves Auditor for verification.

Disclosures for Shell Canada are finalized by them independently and aggregated with the rest of the Group data by the EP Hydrocarbon Resource Coordinator.

The aggregate SEC Form 20-F oil and gas reserves volume summaries are discussed with the external Group Auditors by the Group Reserves Auditor and the EP Hydrocarbon Resource Coordinator on behalf of the Reserves Committee. The external Group Auditors are KPMG and PriceWaterhouseCoopers.

5.2 Internal Responsibilities and Authorities

Responsibilities for the accurate estimation of proved reserves and production data in line with the Petroleum Resource Volume Guidelines exist at the following generic levels in the EP organization and are described in said guidelines:

- Asset teams
- Region / Asset Holder Hydrocarbon Resource Coordination function
- Region / Asset Holder Technical and Financial Management
- EP Planning (EP Hydrocarbon Resource Coordinator)

The role and responsibility of the EP Hydrocarbon Resource Coordinator in relation to proved reserves disclosures are further elaborated in Appendix D.

Authorities for the approval of the proved reserves and production figures exist at the following generic levels in the EP organization (for simplicity, authorization of production data submitted separately to Group Reporting is omitted):

- Region / Asset Holder Technical and Financial Management
- EP Executive (Chief Financial Officer and Corporate Support Director).

Asset Holder and / or Regional Technical and Financial Managers are required to sign and submit to the EP Hydrocarbon Resource Coordinator paper copies of those parts of the Reserves Reporting Workbook that include information that will be disclosed externally. In so doing, they provide assurance that the information has been prepared in compliance with the Petroleum Reserves Volume Guidelines (EP yyyy-1100 and EP yyyy-1101) and the Group Financial Information Manual (GFIM).

Accountability within EP for the external proved reserves disclosures rests with the EP Executive and specifically with the Chief Financial Officer (EPF) and the Corporate Support Director (EPS). They co-sign "Letters of Comfort" to the external Group Auditors concerning each annual disclosure of proved reserves and the Standardized Measure, examples of which are given in Appendix E.

Disclosure by the Group follows the Group's Disclosure Control Procedures (beyond the scope of this document).

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5.3 Reserves Committee

The Reserves Committee consists of the following permanent members:

- EP Chief Financial Officer (EPF)
- EP Corporate Support Director (EPS)
- EP Director Shell Technology (EPT)
- EP Hydrocarbon Resource Coordinator (EPS-P)
- SI Deputy Group Controller (FCG)

In addition, the Group Reserves Auditor attends the Reserves Committee in an advisory role.

The Reserves Committee reports to the EP Chief Executive Officer and the other members of the EP Executive on all procedural matters concerning the disclosure of proved reserves. In this context, its duties include, but are not limited to:

- To understand, challenge and ultimately to authorize on behalf of the EP Chief Executive Officer the proved reserves figures that are disclosed externally, together with any explanation thereof that is to be published.
- At least annually, to review internal procedures (as described herein) and the Petroleum Resource Volume Guidelines with a view to determining the need for revision and to direct such revisions where necessary.
- To coordinate relevant correspondence with the United States Securities and Exchange Commission on behalf of the Group Controller.
- To maintain an interface with the external Group Auditors.
- To monitor action taken by Regions/Asset Holders or by the EP organization as a whole in response to Group Reserves Auditor recommendations and to inform the external Group Auditors accordingly.
- To assist in the resolution of disagreements between authorizers of proved reserves at different levels in the EP organization.

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5.4 Audit of Disclosures of SEC Proved Reserves and Standardized Measure

By their nature, all estimates of proved reserves cannot be subjected to audit in the conventional sense that is applied to financial information. However, the annual proved oil and gas reserves and the standardized measure disclosures are subjected to limited review procedures. The review of the Standardized Measure disclosure is conducted by the external Group Auditors. The external Group Auditors also review the proved reserves volume disclosure but rely heavily on a more detailed review that is conducted by the Group Reserves Auditor.

The Group Reserves Auditor also conducts audits of the principal Asset Holders once every three to five years, or more frequently if warranted. This regular cycle is designed to assure that reserves calculations and procedures are being carried out in accordance with the procedures and standards described in the Group Petroleum Resource Volume Guidelines, which also contain Terms of Reference for the audits.

The more general Terms of Reference of the Group Reserves Auditor are elaborated in Appendix F.

5.5 Schedule of Authorities

A Schedule of Authorities is included as Appendix G. This indicates responsibility for the preparation and approval of all the formal documents concerned, plus their main recipients.

No change to the Schedule of Authorities or to the procedures that underpin it may be made without at least the approval of the Reserves Committee, which may refer matters to other EP Executive members, the Group Reserves Auditor, Group Reporting, the Committee of Managing Directors, external Group Auditors or external legal counsel as appropriate.

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Appendix A

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SEC Rules Concerning Proved Reserves

United States Securities and Exchange Commission (SEC), Rule 4-10(a) of Regulation S-X, produced pursuant to the United States Securities Exchange Act of 1934:

Proved oil and gas reserves. Proved oil and gas reserves are the estimated quantities of crude oil, natural gas, and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions.

- (i) Reservoirs are considered proved if economic producibility is supported by either actual production or conclusive formation test. The area of a reservoir considered proved includes (A) that portion delineated by drilling and defined by gas-oil and/or oil-water contacts, if any; and (B) the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of hydrocarbons controls the lower proved limit of the reservoir.
- (ii) Reserves which can be produced economically through application of improved recovery techniques (such as fluid injection) are included in the "proved" classification when successful testing by a pilot project, or the operation of an installed program in the reservoir, provides support for the engineering analysis on which the project or program was based.
- (iii) Estimates of proved reserves do not include the following:
 - (A) oil that may become available from known reservoirs but is classified separately as "indicated additional reserves";
 - (B) crude oil, natural gas, and natural gas liquids, the recovery of which is subject to reasonable doubt because of uncertainty as to geology, reservoir characteristics, or economic factors;
 - (C) crude oil, natural gas, and natural gas liquids, that may occur in undrilled prospects; and
 - (D) crude oil, natural gas, and natural gas liquids, that may be recovered from oil shales, coal, gilsonite and other such sources.

Proved developed oil and gas reserves. Proved developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Additional oil and gas expected to be obtained through the application of fluid injection or other improved recovery techniques for supplementing the natural forces and mechanisms of primary recovery should be included as "proved developed reserves" only after testing by a pilot project or after the operation of an installed program has confirmed through production response that increased recovery will be achieved.

Proved undeveloped reserves. Proved undeveloped oil and gas reserves are reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Reserves on undrilled acreage shall be limited to those drilling units offsetting productive units that are reasonably certain of production when drilled. Proved reserves for other undrilled units can be claimed only where it can be demonstrated with certainty that there is continuity of production from the existing productive formation. Under no circumstances should estimates, for proved undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual tests in the area and in the same reservoir.

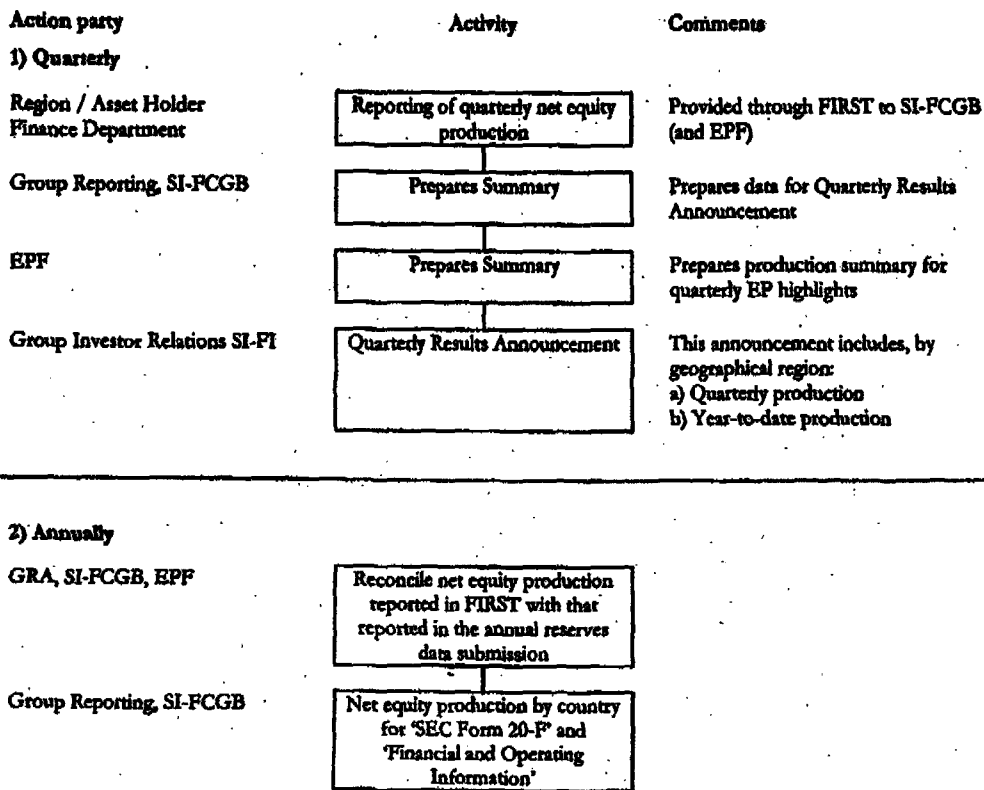
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Appendix B

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Schematic of Reporting Procedure: Net Equity Production

GRA: Group Reserves Auditor

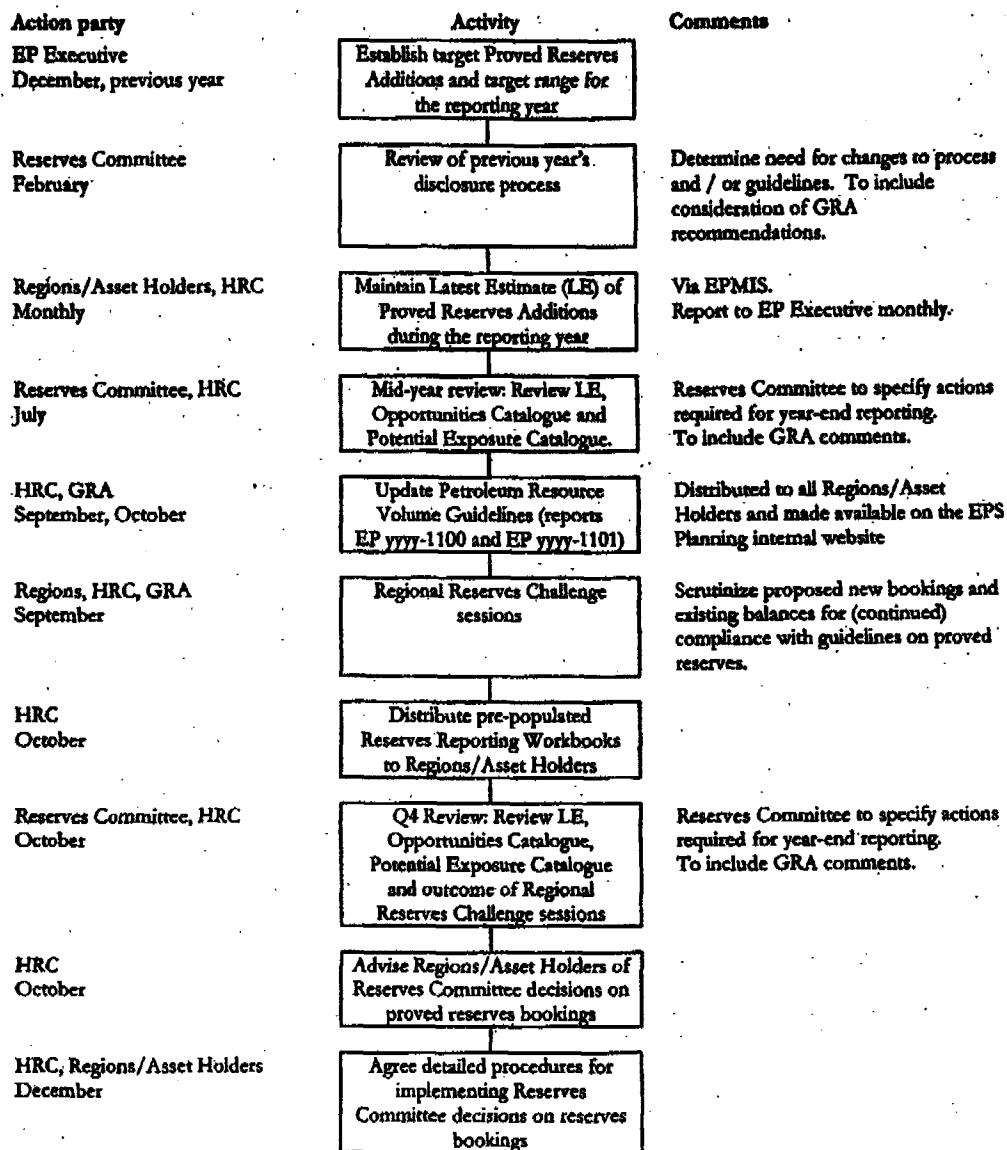
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Schematic of Reporting Procedure: Proved Reserves**Part 1: Prior to the end of the Reporting Year**

Continued on the following page.

A detailed timetable is prepared annually by HRC in consultation with SIEP-EPP, SI-FCGB (Group Reporting) and SI-PXXC (External Affairs).

HRC: EP Hydrocarbon Resource Coordinator

GRA: Group Reserves Auditor

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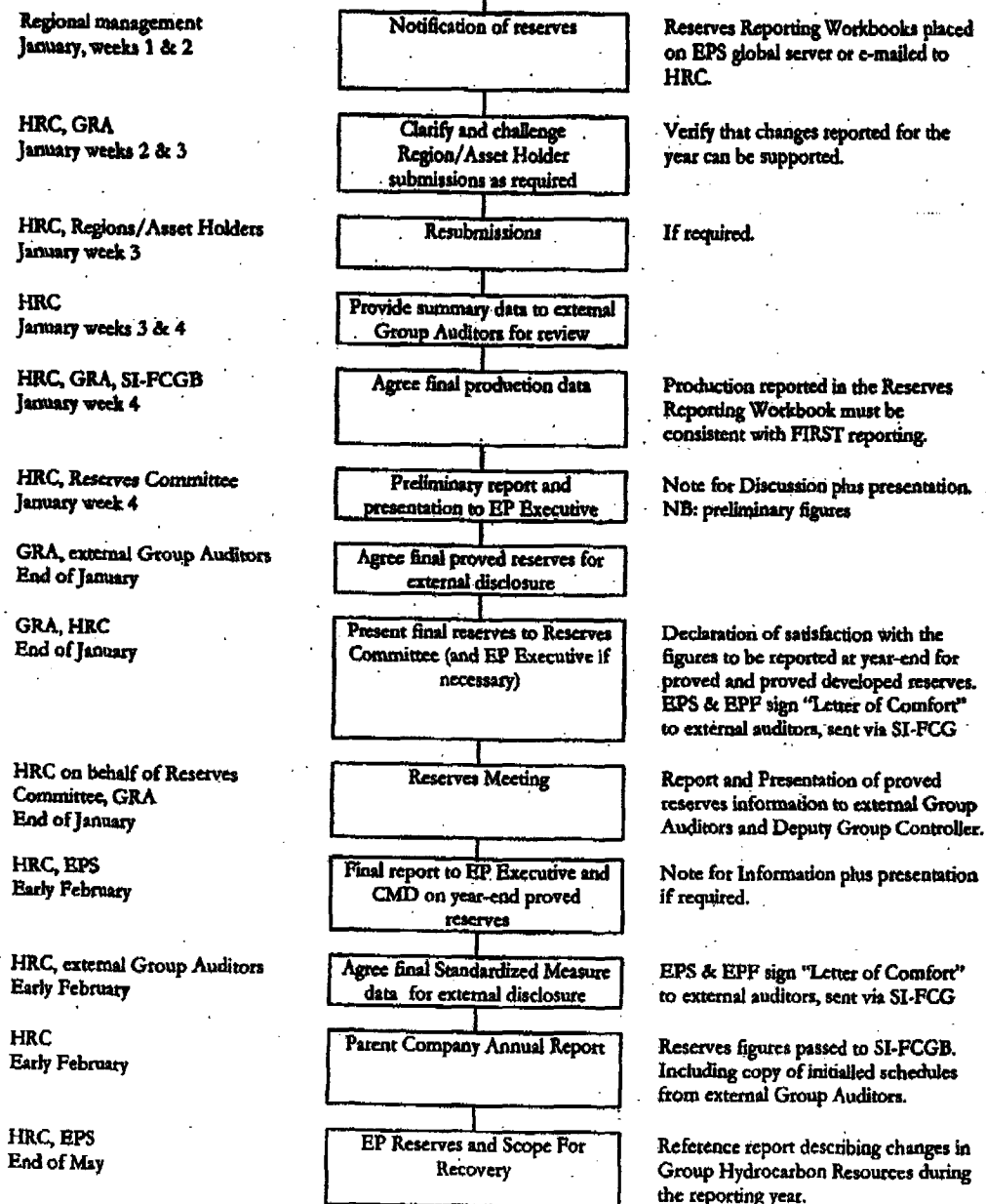
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Part 2: After the end of the Reporting Year

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A detailed timetable is prepared annually by HRC in consultation with SIEP-EPF, SI-FCGB (Group Reporting) and SI-PXXC (External Affairs).

HRC: EP Hydrocarbon Resource Coordinator

GRA: Group Reserves Auditor

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EP Hydrocarbon Resource Coordinator: Accountabilities

The EP Hydrocarbon Resource Coordinator reports (indirectly) to the Corporate Support Director, EPS. He or she ensures that hydrocarbon resource volume assessment and reporting practices are aligned with the Petroleum Resource Volume Guidelines (EP yyyy-1100) and related documentation (EP yyyy-1101 and EP yyyy-1102), that proved reserves estimates comply with the relevant accounting standards and regulations (i.e. as defined by the SEC), and that future changes in the hydrocarbon resource volumes in each category are estimated commensurate with the requirements of business planning within EP.

Accountabilities (in relation to proved reserves):

- (a) Deliver a realistic view of proved reserves additions that can be expected to result from the overall hydrocarbon maturation process as part of, and consistent with, the optimized EP business plan.
- (b) Deliver accurate progress reports (based on data supplied via EPMIS) of short-term reserves maturation (proved reserves additions) in close cooperation with regional management and Asset Holder reserves focal points.
- (c) Maintain inventories of proved reserves bookings that are potentially under threat (Potential Reserves Exposure Catalogue) and opportunities to add to the proved reserves base (Opportunities Catalogue).
- (d) Provide systems that ensure the timely and accurate collection of information on petroleum resource volumes from the Asset Holders.
- (e) Compile and submit quality-assured internal and external reserves reports.
- (f) Maintain Petroleum Resource Volume Guidelines (EP yyyy-1100) and Submission Requirements (EP yyyy-1101) that are to be used within the Group and which aim to ensure that Shell's practices are aligned with statutory standards, internal needs and industry practice.
- (g) Analyse hydrocarbon maturation performance versus target and (perceived) potential, the latter in close cooperation with appropriate technical specialists in the Group.
- (h) Maintain interfaces with the Group Reserves Auditor, EP management, regional organizations, Asset Holders and Finance. In particular to act as a first point of reference for any topic related to proved reserves that requires consideration, clarification or approval of the appropriate course of action to be taken. This includes the approach to be taken in the reporting of significant proved reserves changes and points of clarification on the interpretation and implementation of the appropriate rules.
- (i) Maintain external interfaces with external Group Auditors and the SEC.
- (j) Provide *ad hoc* input to Group Control, Investor Relations, Group General Financial Accounting Policies (GFAP) or other internal interfaces as may be required from time to time.
- (k) Monitor developments on resource reporting in the industry (SEC, SPE, etc).

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EP 2003-1102

Appendix B

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Letter of Comfort: Proved Reserves

The Hague
3 February, 2003

Royal Dutch/Shell Group Auditors
c/o KPMG Accountants N.V.
Attn: Mr. J. van Delden
Churchplein 8
2517 JW THE HAGUE

Dear Sirs,

In connection with your limited procedures, in respect of the unaudited oil and natural gas reserves information included in the supplementary information accompanying the 2002 financial statements of the Royal Dutch/Shell Group of Companies, we confirm, to the best of our knowledge and belief, the following representations made to you during your review:

1. We are responsible for the fair presentation of the oil and natural gas reserves information mentioned above in conformity with generally accepted US accounting principles.
2. The information has been properly prepared and disclosed in accordance with SFAS 89 and SEC Rules and Regulations, and as clarified by subsequent SEC staff accounting bulletins and interpretive guidance issued by the SEC. During review of the final figures, certain areas of potential concern were brought to our attention (but attached). We are satisfied that these are not material to the total Shell Group proved reserves, but we will review them and take corrective action if necessary during 2003.
3. The information and the underlying data have been prepared and reviewed by employees having appropriate experience and qualifications for estimating oil and natural gas reserves.
4. No matters have come to our attention to the present time which would materially affect the information in respect of oil and gas reserves included in the supplementary information referred to above.

The representations made under 2 and 3 do not apply to Shell Canada as we do not participate directly in their reserves estimating process.

Yours faithfully,
Shell International Exploration and Production B.V.

Frank Coenen
Chief Finance Officer

John L. Brass
John L. Brass
Director

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EP 2003-1102

Appendix B

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Letter of Comfort: Standardized Measure



The Hague
20 February, 2003

Royal Dutch/Shell Group Auditors
c/o KPMG Accountants N.V.
Attn: Mr. J. van Delden
Churchplein 6
2517 JW THE HAGUE

Dear Sirs,

In connection with your limited procedures, in respect of the unaudited Standardized Measure of discounted future net cash flows and changes therein, relating to proved oil, natural gas liquids and natural gas reserves quantities as included in the supplementary information accompanying the 2002 financial statements of the Royal Dutch/Shell Group of Companies, we confirm, to the best of our knowledge and belief, the following representations made to you during your review:

1. We are responsible for the fair presentation of the Standardized Measure information mentioned above and the assumptions used therein, in conformity with generally accepted US accounting principles.
2. The Standardized Measure information has been properly prepared and disclosed in accordance with SFAS 69 and SEC Rules and Regulations, and as clarified by subsequent SEC staff accounting bulletins and interpretive guidance issued by the SEC.
3. The Standardized Measure information and the underlying data have been prepared and reviewed by employees having appropriate experience and qualifications for estimating the basis of future net cash flows.
4. No matters have come to our attention to the present time which would materially affect the Standardized Measure information included in the supplementary information referred to above.

The representations made under 2 and 3 do not apply to Shell Canada, as we do not participate directly in the estimation of their Standardized Measure.

In order to prepare the information in the required manner, a number of assumptions about future conditions are prescribed which do not take into account political, commercial and technical uncertainties. As a result, the information so calculated does not provide a reliable measure of future cash flows from proved reserves, nor does it permit a realistic comparison to be made of one entity with another because the assumptions used cannot reflect the varying circumstances within each entity.

Yours faithfully,
Shell International Exploration and Production B.V.


Frank Coolman
Chief Financial Officer


Louis L. Brass
Director

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EP 2003-1102

Appendix F

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Group Reserves Auditor: Terms of Reference

The Group Reserves Auditor reports directly to the EP Chief Financial Officer (EPF) but acts independently in:

1. The auditing of submitted Proved Reserves of Regions/Asset Holders by visits to those units.

The Reserve Audits verify that all the required processes are in place and adhered to which ensure that the reported Group share Proved Reserves are estimated in accordance with the most recent version of the Group Petroleum Resource Volume Guidelines. The audits address the Technical Maturity, the Commercial Maturity and the 'Reasonable Certainty' of the reported reserves and also verify that the Group share calculation and the consistency with Finance reporting are in order and that appropriate audit trails are in place.

A report is prepared for each Reserves Audit that is addressed to the Chief Executive of the Region/Asset Holder concerned, to the EP Chief Financial Officer (EPF), to the EP Corporate Support Director (EPS) and to the external Group Auditors. Copies are sent to selected individuals in the Region/Asset Holder, the EP Internal Audit function, and the Hydrocarbon Resource Coordination function in EPS and to the external Group Auditors. A summary of the year's audit findings is included in the end-year Group Reserves Auditor report.

The Reserve Audits form part of an annually agreed plan, aiming at an audit frequency of one audit every four years for each Asset Holder. Terms of Reference for these audits are to be found in the Group Petroleum Resource Volume Guidelines (EP yyyy-1100).

Due to local restrictions, the Group Reserves Auditor does not audit the resources reported by Shell Canada.

2. Witnessing and verifying the accumulation of the Group's Proved Reserves at the end of each year for inclusion into the Group Annual Reports and the SEC Form 20-F report on the basis of information supplied by Regions/Asset Holders.

In this task the assembled data as received are audited in cooperation with representatives of KPMG Accountants (as external Group Auditors). Changes compared with the previous year are reviewed and their reasonableness is assessed on the basis of the information available. Where necessary, additional information is requested from the Region/Asset Holder concerned.

Production volumes for the reporting year are compared for consistency with data supplied via the Group financial information system (FIRST) to Group Reporting.

At the end of this process a Reserves Auditor Report with Auditor findings is written to the external Group Auditors, the EP Chief Financial Officer (EPF) and the EP Corporate Support Director (EPS). It is copied to the EP Chief Executive. The Chief Financial Officer and Corporate Support Director thereupon release the 'The Letter of Comfort', addressed to the external Group Auditors (KPMG and PWC). In addition KPMG Accountants issue a note with Supplementary Information to the Group Auditors (PWC).

The Reserves Auditor Report is also presented and discussed in a meeting between Group Auditors (KPMG, PWC), The Deputy Group Controller (SI-FCG), representatives from SIEP Corporate Support / Hydrocarbon Resource Coordination and the Group Reserves Auditor at the end of January.

3. The provision of general advice with respect to Petroleum Resource Volume Guidelines and Procedures.

Petroleum Resource Volume Guidelines are in principle reviewed and, where necessary, updated annually by the EP Hydrocarbon Resource Coordination function. The Group Reserves Auditor will provide advice regarding the changes proposed. He or she may also be called upon to provide other advice regarding issues that may arise from time to time with respect to Reserves reporting methods and procedures.

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EP 2003-1102

Appendix G

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Schedule of Authorities: Proved Reserves and Standardized Measure

Based on EP 86-0725 (1986), updated 1996, 2002 and 2003

	Title of document or activity	Responsible for Preparation	Responsible for Approval	Final submission for use to
1	Proved Reserves Replacement Target Setting	HRC	EP Executive	EP Regions / Asset Holders
2	Reserves Audit Reports (Region / Asset Holder audits)	GRA		EPS, EPF, Regions, Asset Holders
3	Resource Management and Reporting Guidelines			
	a) Process, responsibilities, definitions, requirements	HRC, GRA	Reserves Committee	Asset Holders
	b) Technical methodologies	EPT/T&OE	EPT/T&OE	Asset Holders
	c) Matters relating to proved and proved developed reserves estimating procedures	GRA, HRC	Reserves Committee	SI-FCGB and Asset Holders
4	Annual reserves return from Regions/Asset Holders	Region/AH Technical & Finance functions	Region Technical and Financial Management	GRA, HRC
5	Audit trail in support of annual reserves return from Asset Holder.	Asset Holder Senior RE	Region / Asset Holder PE Manager (or equiv't)	Region / AH Technical Management
6	Preliminary report on year-end proved reserves to EP Executive	HRC	Reserves Committee	EP Executive
7	Reserves Auditor Report	GRA		Reserves Committee
8	Standardized Measure Report			
	- Region / Asset Holder annual submission (together with proved reserves - see (4) above)	Region/AH Technical & Finance functions	Region Technical and Financial Management	HRC
	- Group submission to SEC Form 20-F	HRC	EPS, EPF	SI-FCGB
9	Proved reserves & Standardized Measure "Letters of Comfort" to external Group Auditors.	GRA	EPS, EPF	Group Auditors
10	Statement of crude oil and natural gas reserves for inclusion in Annual Report submission to the US Securities and Exchange Commission (Form 20-F) and other Parent Company publicly disclosed reports.	HRC	Reserves Committee	SI-FCGB

HRC: EP Hydrocarbon Resource Coordinator

GRA: Group Reserves Auditor

AH: Asset Holder

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