

Shell Exploration & Production

Energy Policy – Security of Supply

28th October 2004

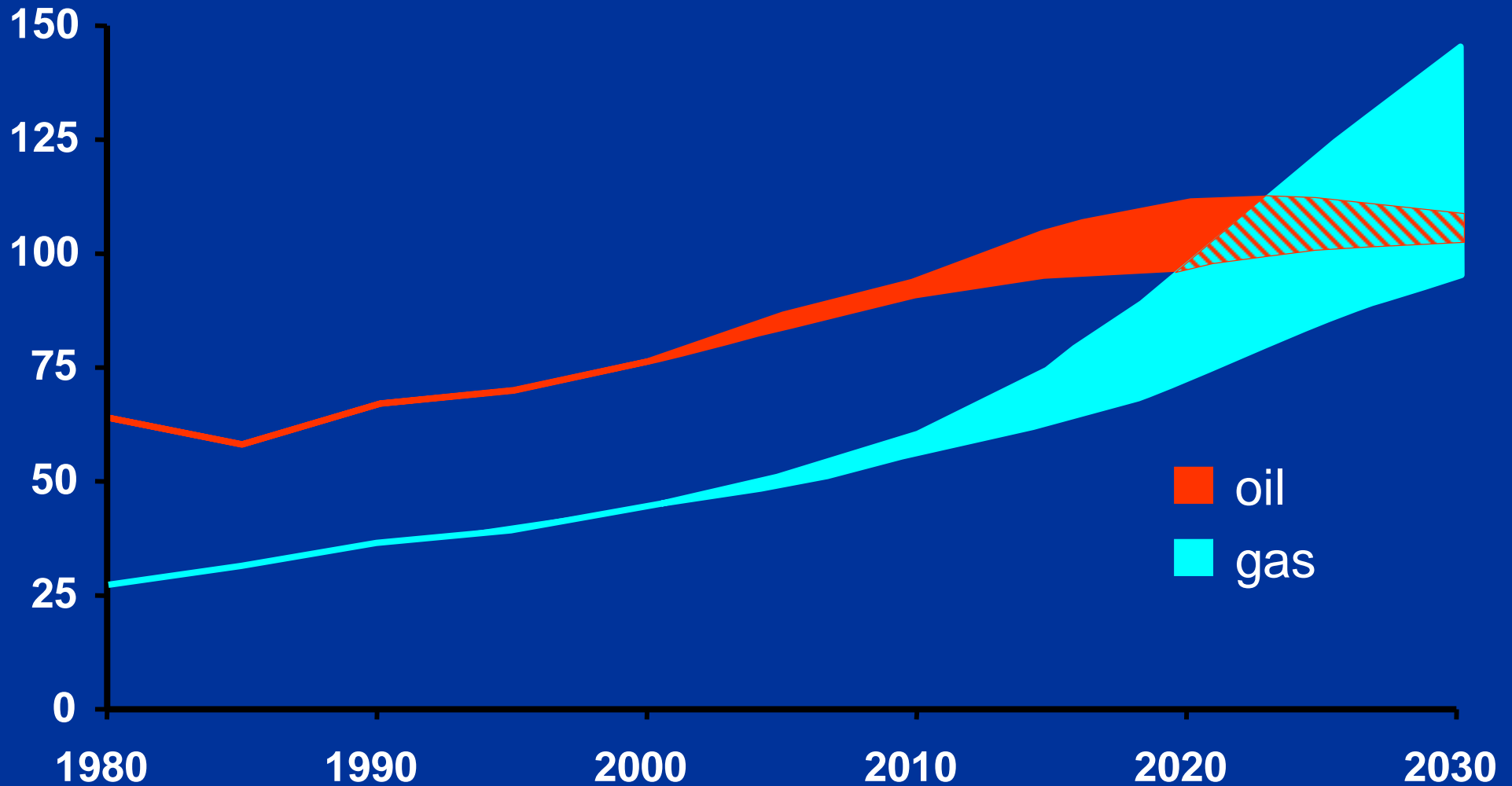
Kieron McFadyen

**Technical Director, Exploration & Production – Europe
Director, Shell U.K.**



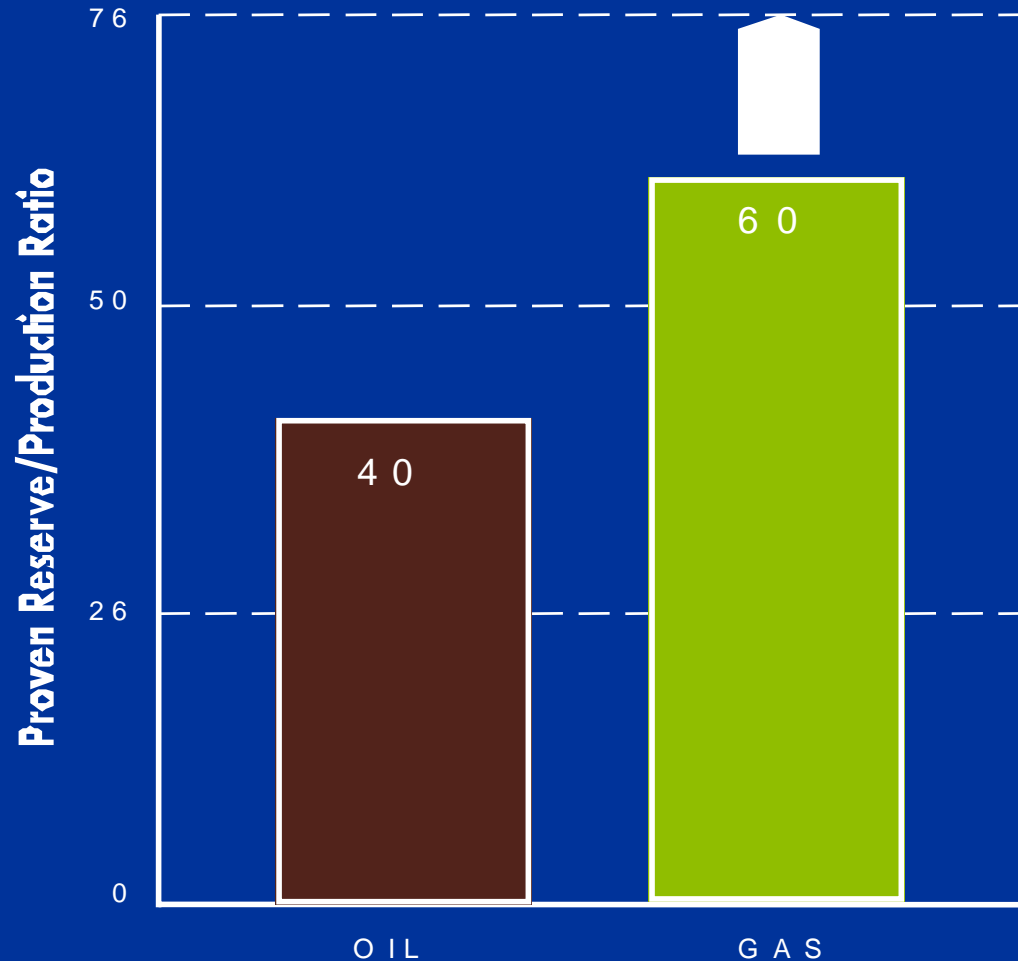
Gas – the fuel of the 21st century

billion boe/d



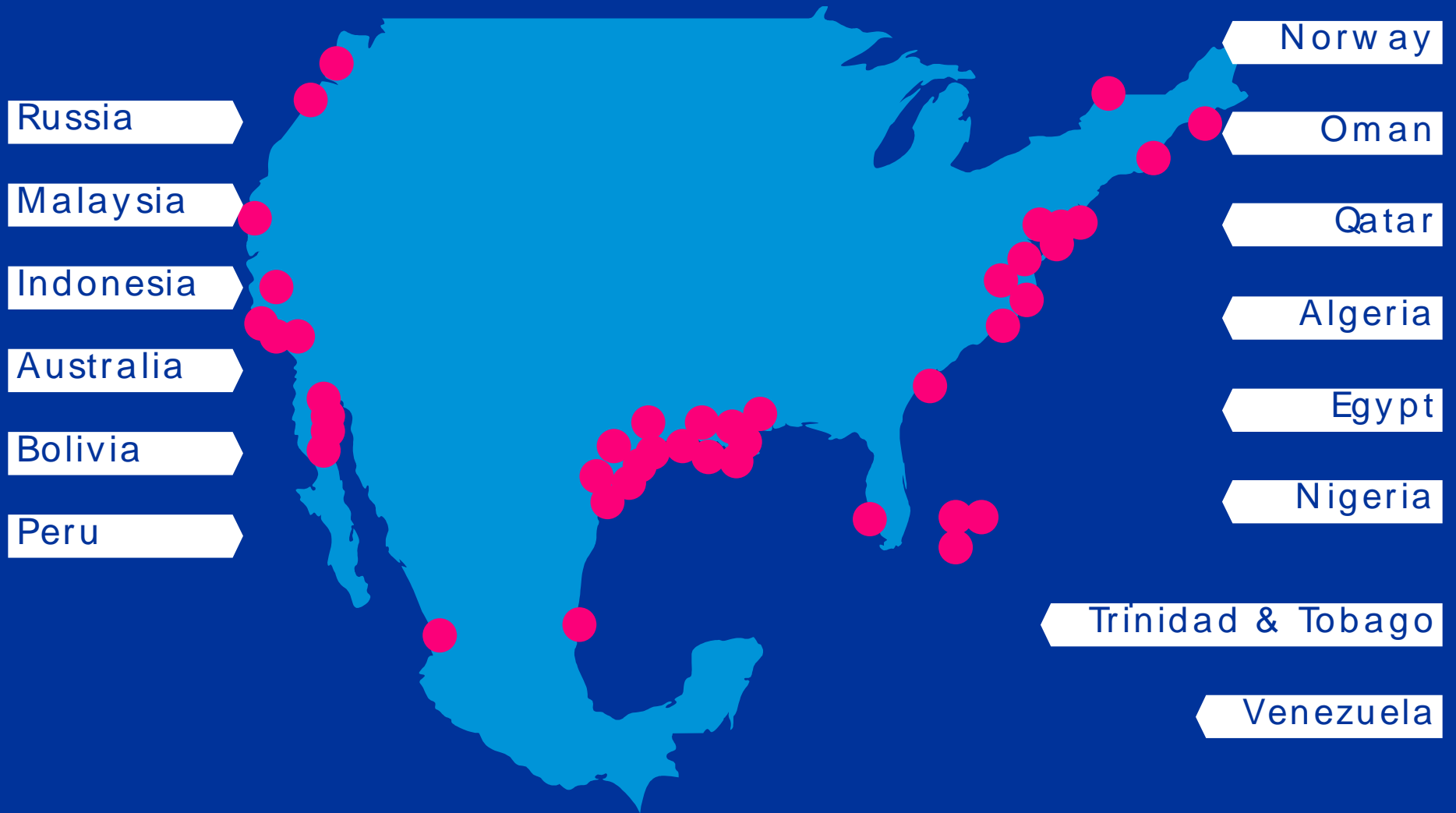
Comparison of remaining global gas & oil reserves

Years Life

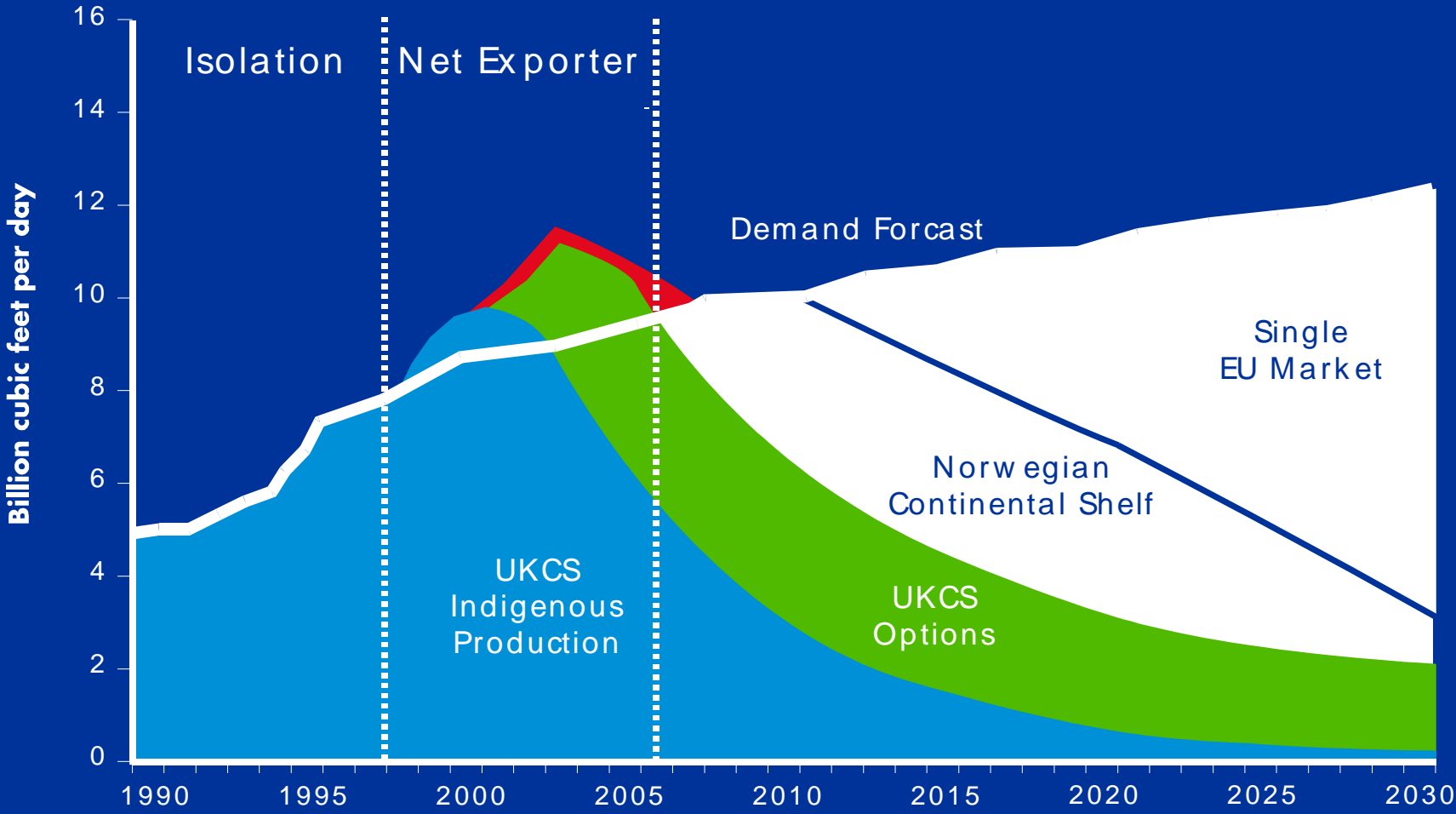


Global gas reserve is 50% higher than oil at some 60 years of current demand

Gas is Travelling



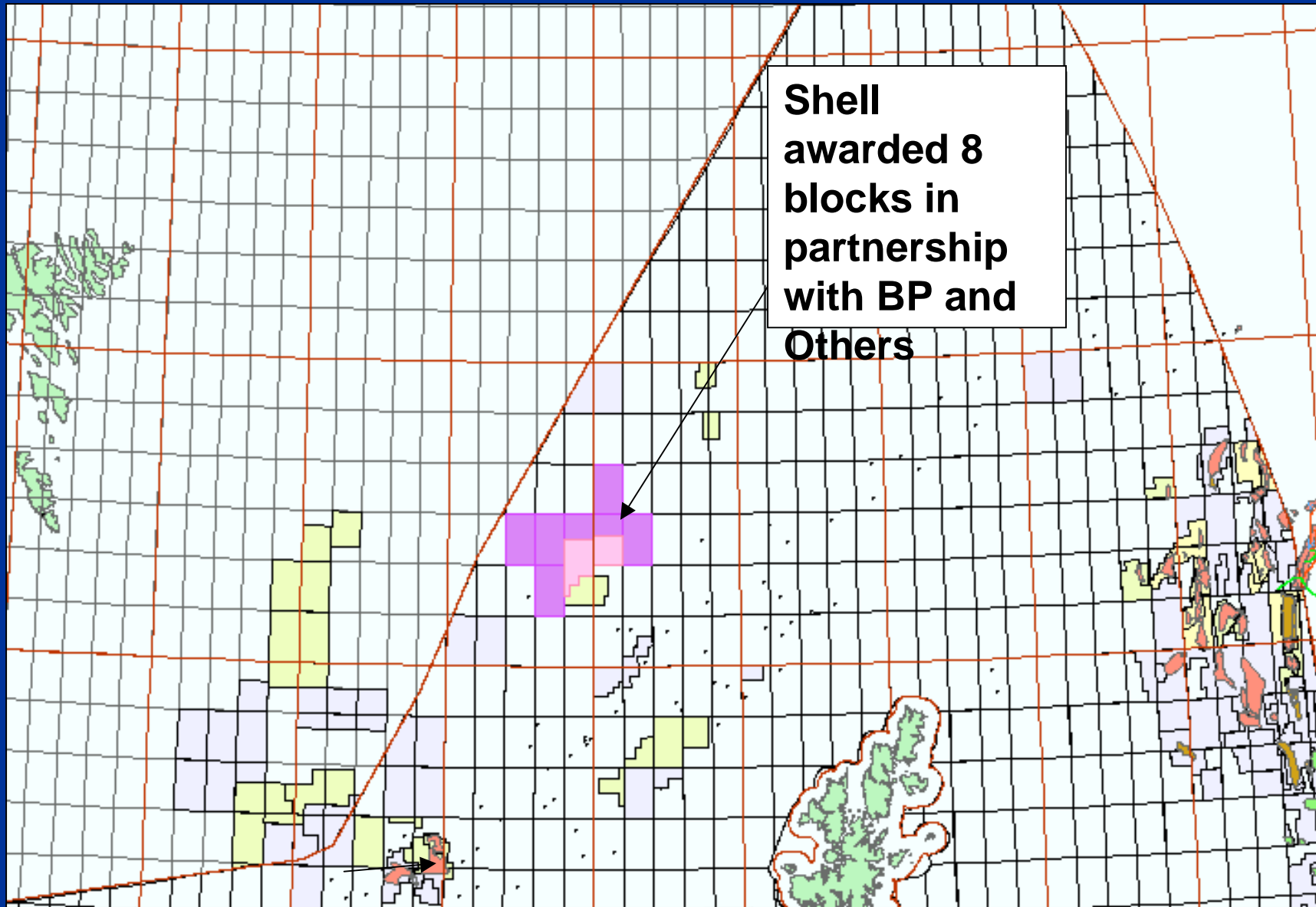
U.K. net importer of Gas by 2005/06



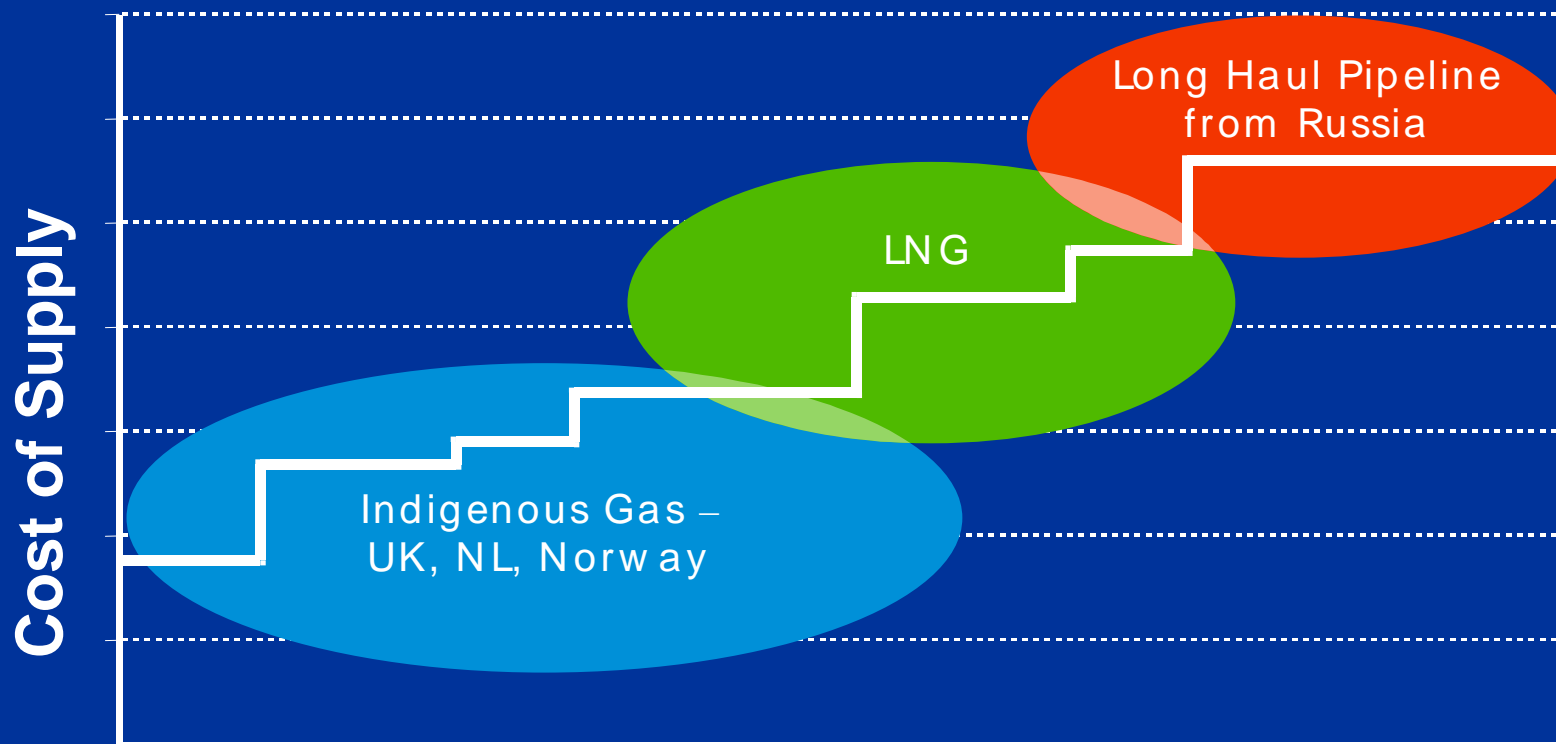
Source: BP

UK 22nd Licensing Round...

Industry pushing the boundaries



Natural Gas Supply – UK Options



Shell EP focus is on European Pipeline Gas

Investing...

To ensure security of supply

FLAGS

Capacity to supply up to 12% of U.K. gas demand.

Goldeneye

3% U.K. gas demand onstream 2004.

St Fergus Gas Terminal

Sales gas into the UK

SEGAL

Shell Esso Gas & Associated Liquids system

Fife NGL Plant

Corrib

60% of Irish gas demand
Pending FID, Onstream 2007

Bacton Gas Terminal

Receives gas via subsea pipelines from
Southern and Central North Sea.

Ormen Lange

20% U.K. gas demand in 2007.

Langeled

1200 km transportation system for the
Ormen Lange project.

Statfjord Late Life

Gas export expected to start from 2007
and continue for over 10 years.

SEAL

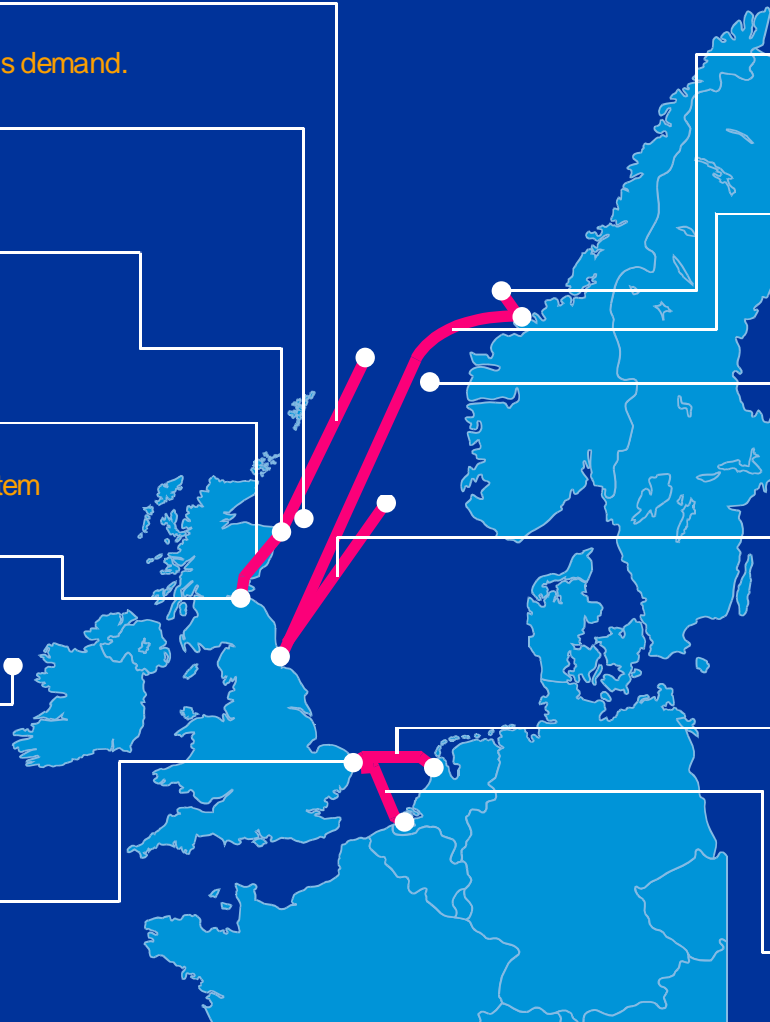
Commercial quality gas from the
Shearwater Elgin area.

Balgzand/ Bacton Line (BBL)

Dry gas to Bacton from the Continental
European gas supply network.

Interconnector

Enough gas to supply 8 million homes.



Example of Cross-Border Integration...

Balgzand/Bacton Pipeline

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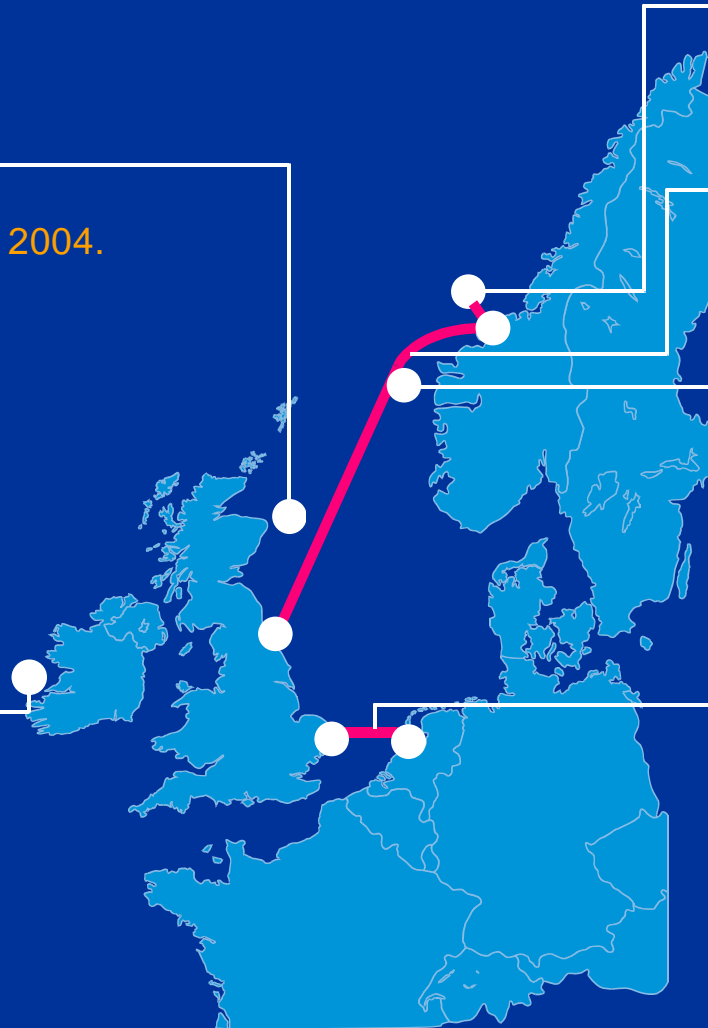
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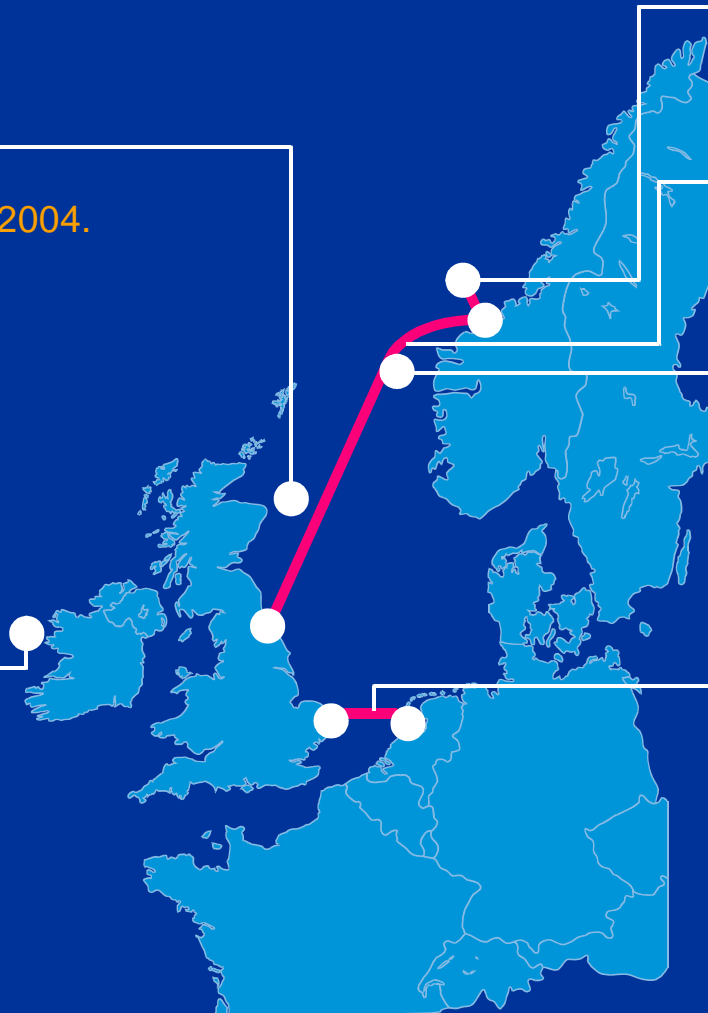
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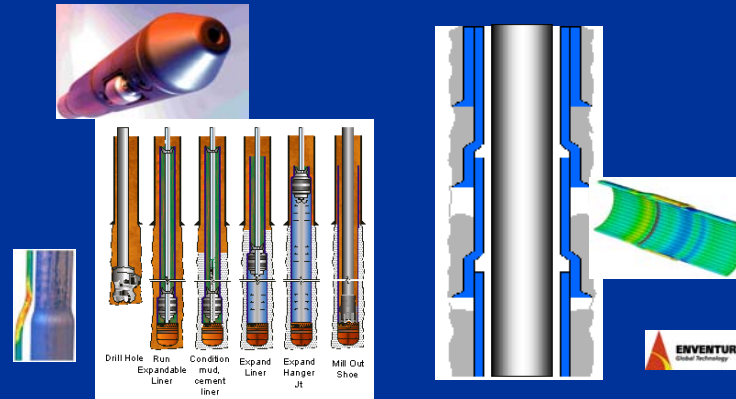
Technology – now and for the future



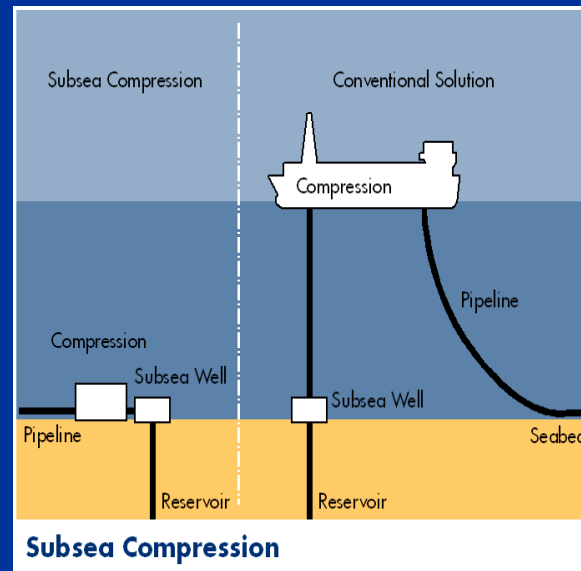
Low Cost drilling



Monotower

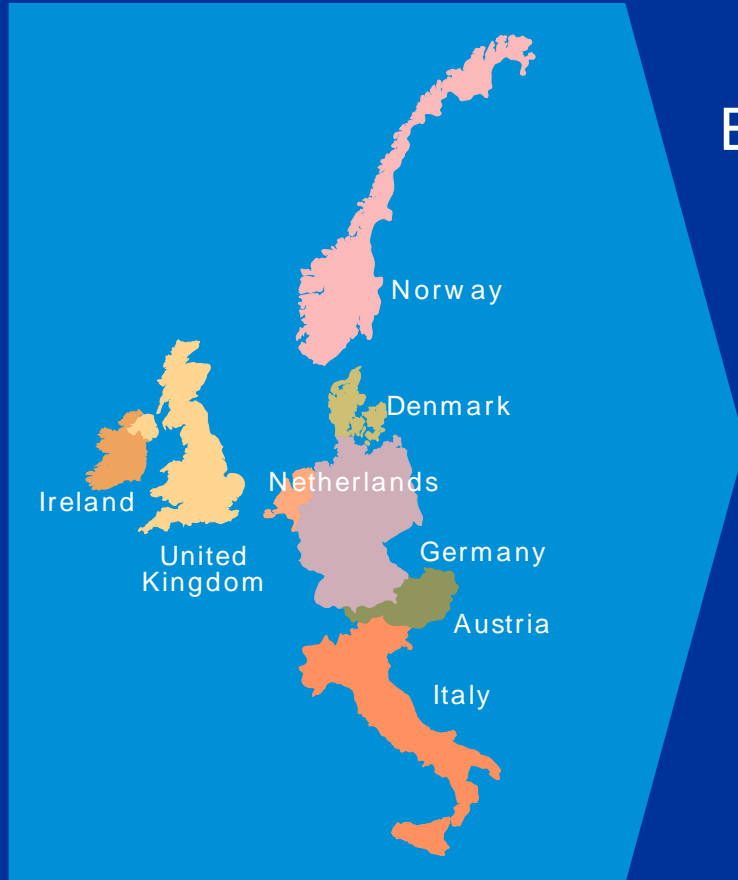


Solid Expandables
And Mono Diameter Wells



Subsea Gas Compression

Dissolving internal borders, improving efficiency

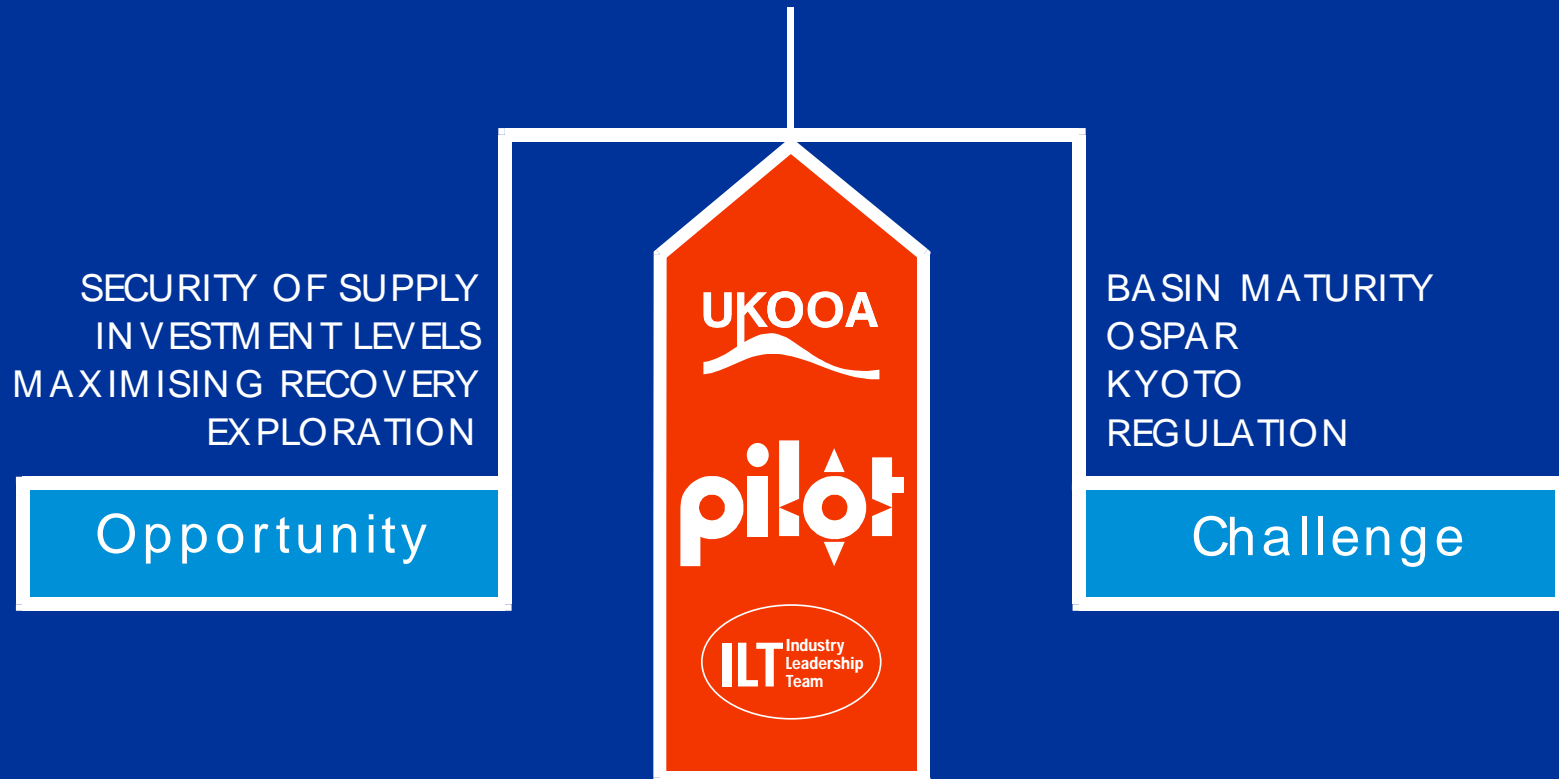


EP EUROPE



- Functional Integration
- Capability Integration
- Value Chain Integration

Integrated Decision Making



The cross-border challenge is next