

4D through the lifecycle of a HPHT field; Driving well placement at the Shearwater field through evaluation of contact movement & reservoir connectivity

Seismic 2020

Presenter: Alison Ang, Senior Geophysicist

Other Authors: Jonathon Brain, Rebecca Garrard, Jorge de la Torre Guzman, Jack Rushton

Definitions & cautionary note

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In this presentation “Shell”, “Shell Group” and “Royal Dutch Shell” are sometimes used for convenience where references are made to Royal Dutch Shell plc and its subsidiaries in general. Likewise, the words “we”, “us” and “our” are also used to refer to Royal Dutch Shell plc and its subsidiaries in general or to those who work for them. These terms are also used where no useful purpose is served by identifying the particular entity or entities. “Subsidiaries”, “Shell subsidiaries” and “Shell companies” as used in this presentation refer to entities over which Royal Dutch Shell plc either directly or indirectly has control. Entities and unincorporated arrangements over which Shell has joint control are generally referred to as “joint ventures” and “joint operations”, respectively. Entities over which Shell has significant influence but neither control nor joint control are referred to as “associates”. The term “Shell interest” is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in an entity or unincorporated joint arrangement, after exclusion of all third-party interest.

This presentation contains forward-looking statements (within the meaning of the U.S. Private Securities Litigation Reform Act of 1995) concerning the financial condition, results of operations and businesses of Royal Dutch Shell. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management’s current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Royal Dutch Shell to market risks and statements expressing management’s expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as “aim”, “ambition”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “goals”, “intend”, “may”, “objectives”, “outlook”, “plan”, “probably”, “project”, “risks”, “schedule”, “seek”, “should”, “target”, “will” and similar terms and phrases. There are a number of factors that could affect the future operations of Royal Dutch Shell and could cause those results to differ materially from those expressed in the forward-looking statements included in this presentation, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell’s products; (c) currency fluctuations; (d) drilling and production results; (e) reserves estimates; (f) loss of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) the risk of doing business in developing countries and countries subject to international sanctions; (j) legislative, fiscal and regulatory developments including regulatory measures addressing climate change; (k) economic and financial market conditions in various countries and regions; (l) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects and delays in the reimbursement for shared costs; (m) risks associated with the impact of pandemics, such as the COVID-19 (coronavirus) outbreak; and (n) changes in trading conditions. No assurance is provided that future dividend payments will match or exceed previous dividend payments. All forward-looking statements contained in this presentation are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Additional risk factors that may affect future results are contained in Royal Dutch Shell’s Form 20-F for the year ended December 31, 2019 (available at www.shell.com/investor and www.sec.gov). These risk factors also expressly qualify all forward-looking statements contained in this presentation and should be considered by the reader. Each forward-looking statement speaks only as of the date of this presentation, **15 September 2020**. Neither Royal Dutch Shell plc nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this presentation.

We may have used certain terms, such as resources, in this presentation that the United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. Investors are urged to consider closely the disclosure in our Form 20-F, File No 1-32575, available on the SEC website www.sec.gov.

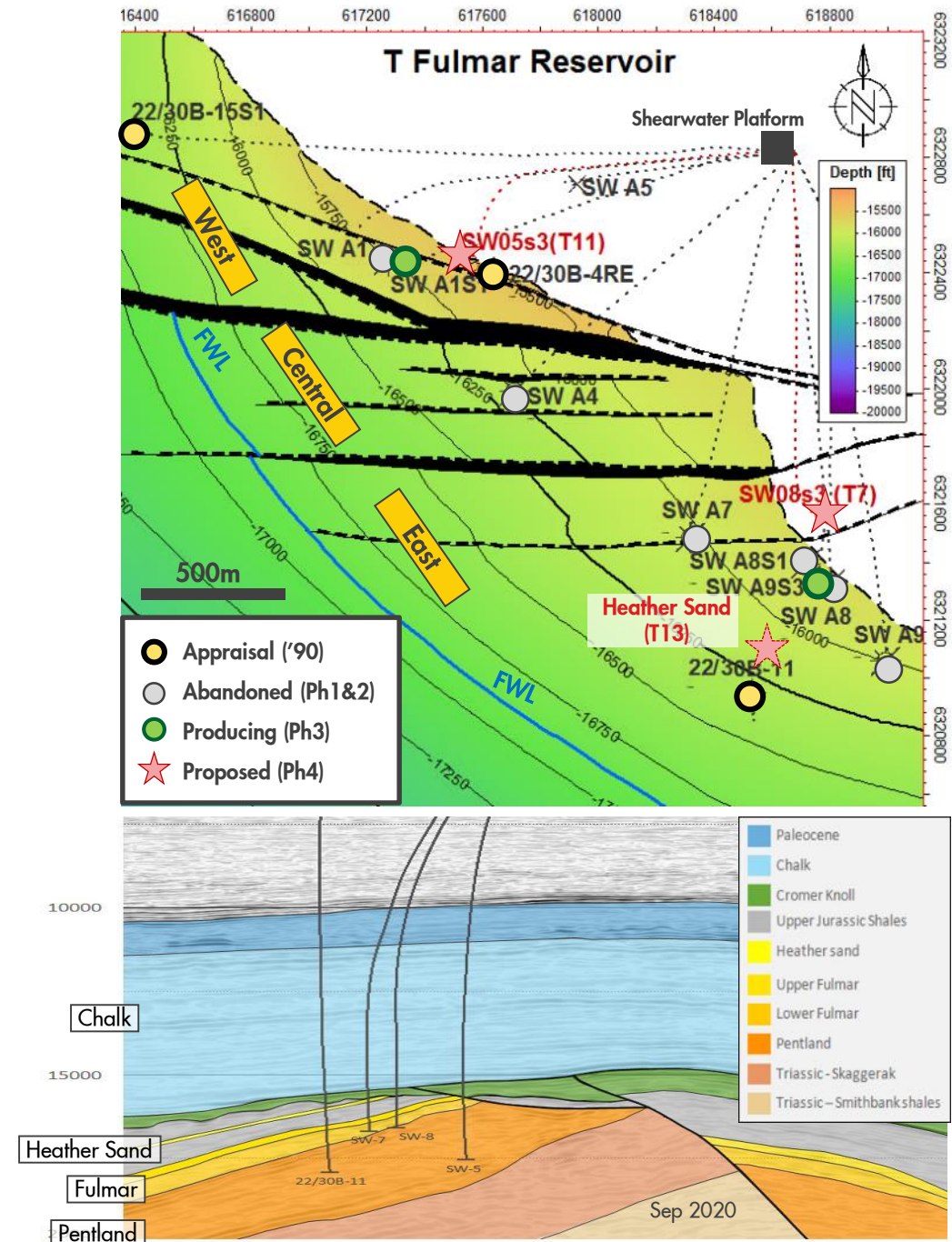


Outline

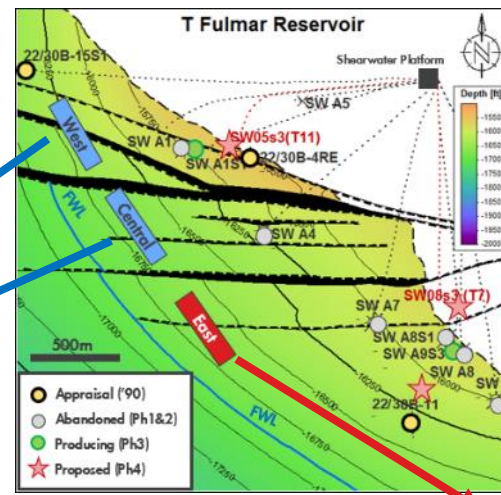
- Shearwater field overview
- Timeline of 4D seismic
- Impact of 2018 4D seismic on Phase 4 infill drilling
 - Water sweep signal & modelling
 - Faults
 - Well placement
 - Contact movement
- Summary

Shearwater Field overview

- Discovered in 1988
- HPHT gas condensate field in the Central North Sea
- Key reservoirs are Heather Sand, Fulmar & Pentland
- **Appraisal ('90)**
- **Early producers (Phase 1 & 2)**
 - First production in 2000
 - Geomechanical well failures between 2004-2010
 - No production from Fulmar reservoir of Shearwater Main Block between 2009 to 2015
- **Producing (Phase 3)**
 - Phase 3 drilling campaign reinstating production in 2015
- ★ **Ongoing Drilling Campaign (Phase 4)**
 - Phase 4 drilling campaign starting Q1 2020
 - 2 x Fulmar infill wells (T11 & T7)
 - 1 x Heather Sand well (T13)



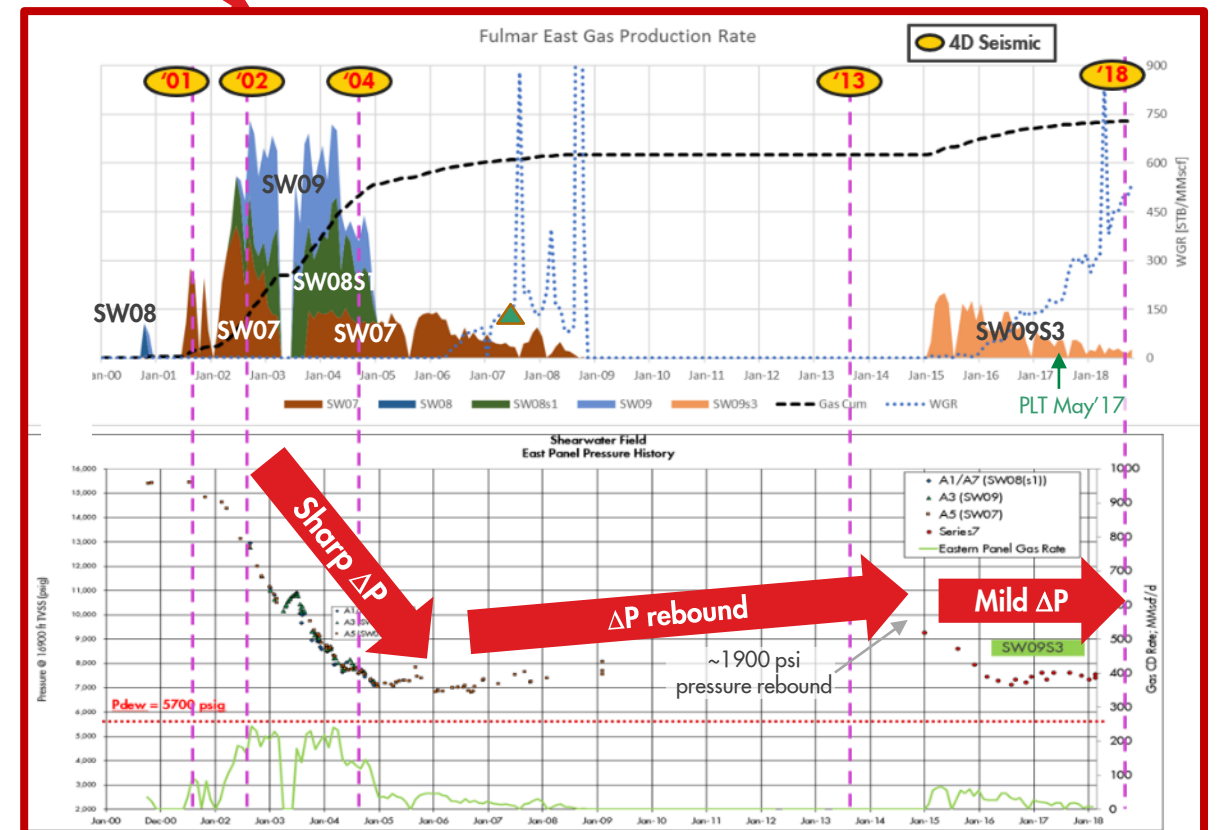
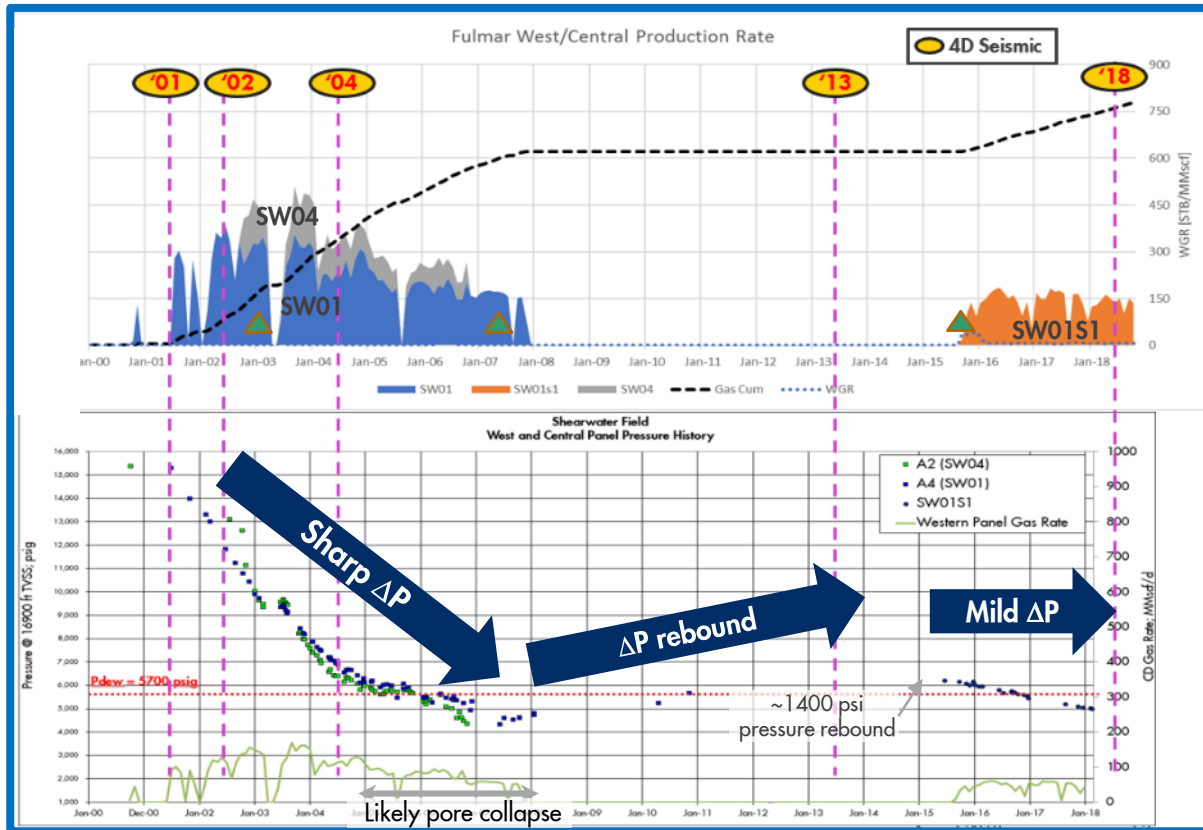
Timeline of 4D seismic & Production History of Fulmar



Streamer seismic data:

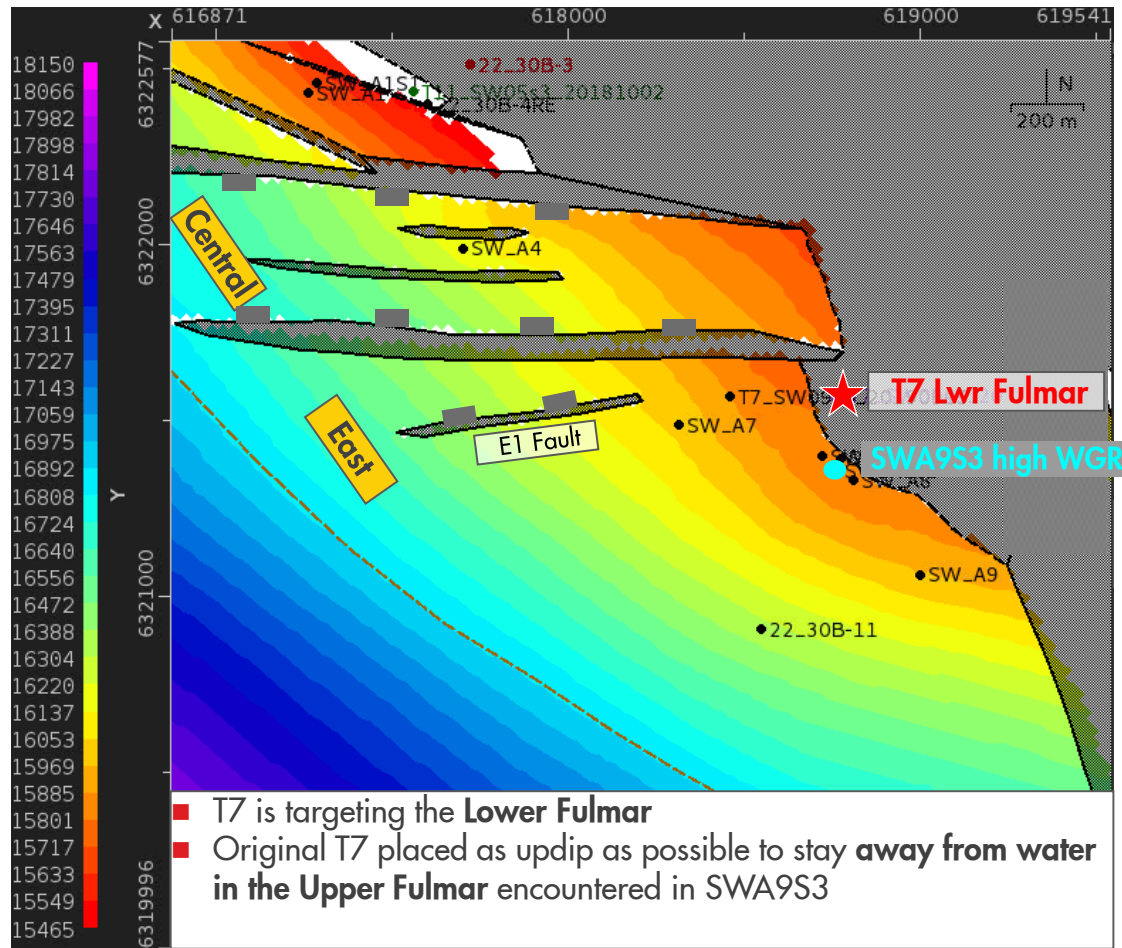
■ Baseline: 2001

■ Monitor: 2002, 2004, 2013 (Ph3), 2018 (Ph4)

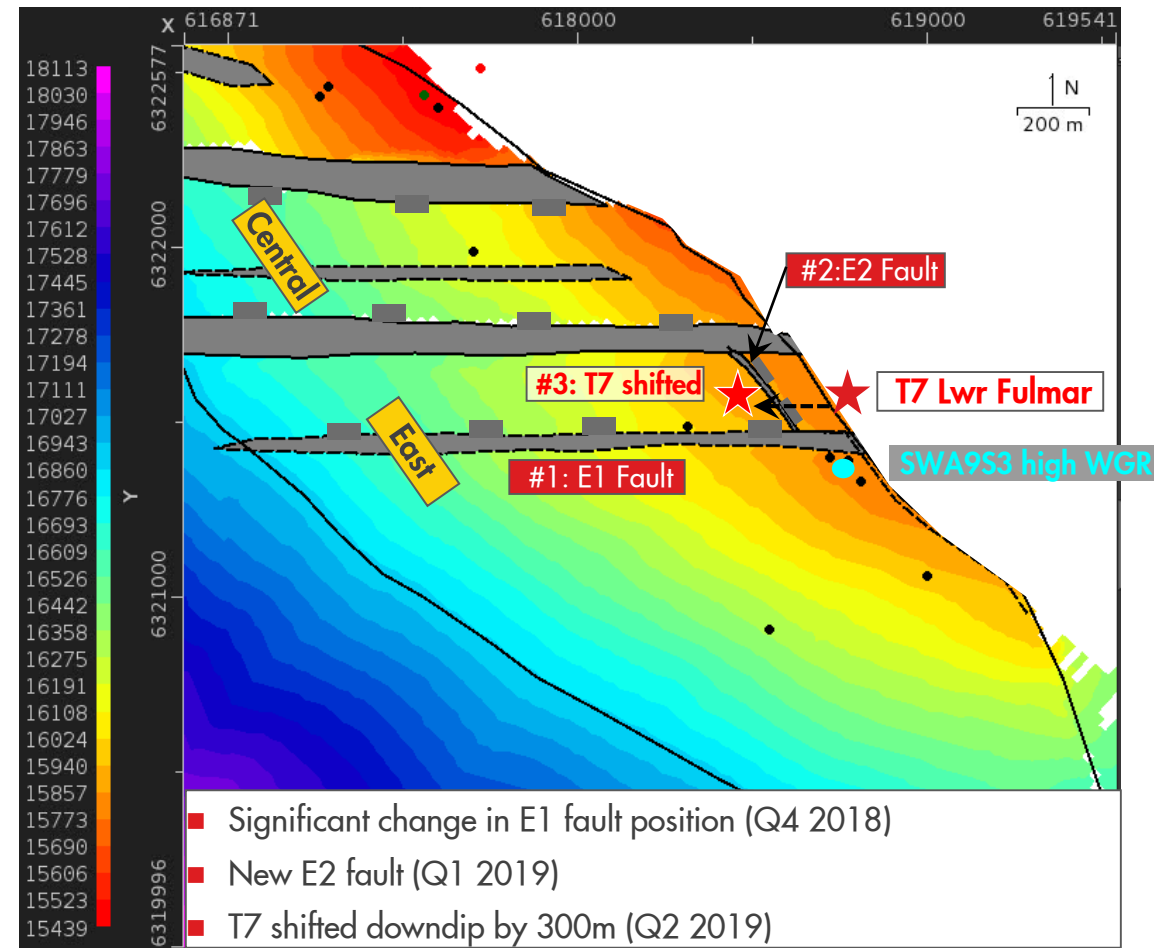


Upper Fulmar maps before and after 2018 4D interpretation

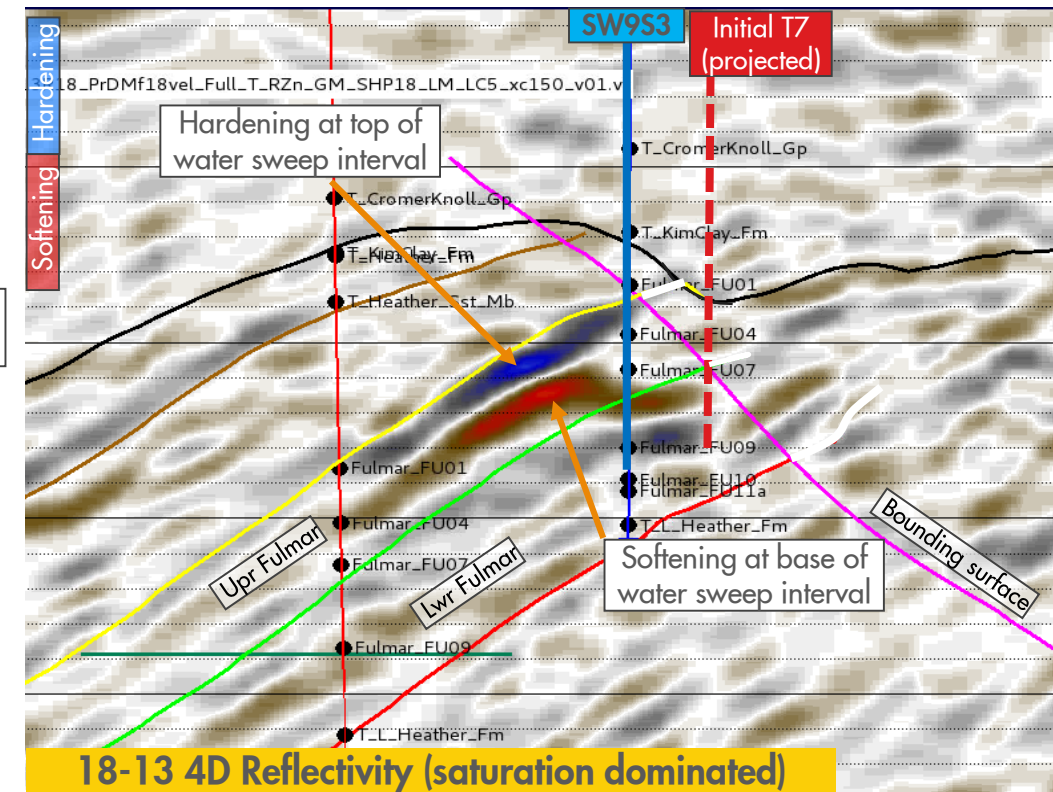
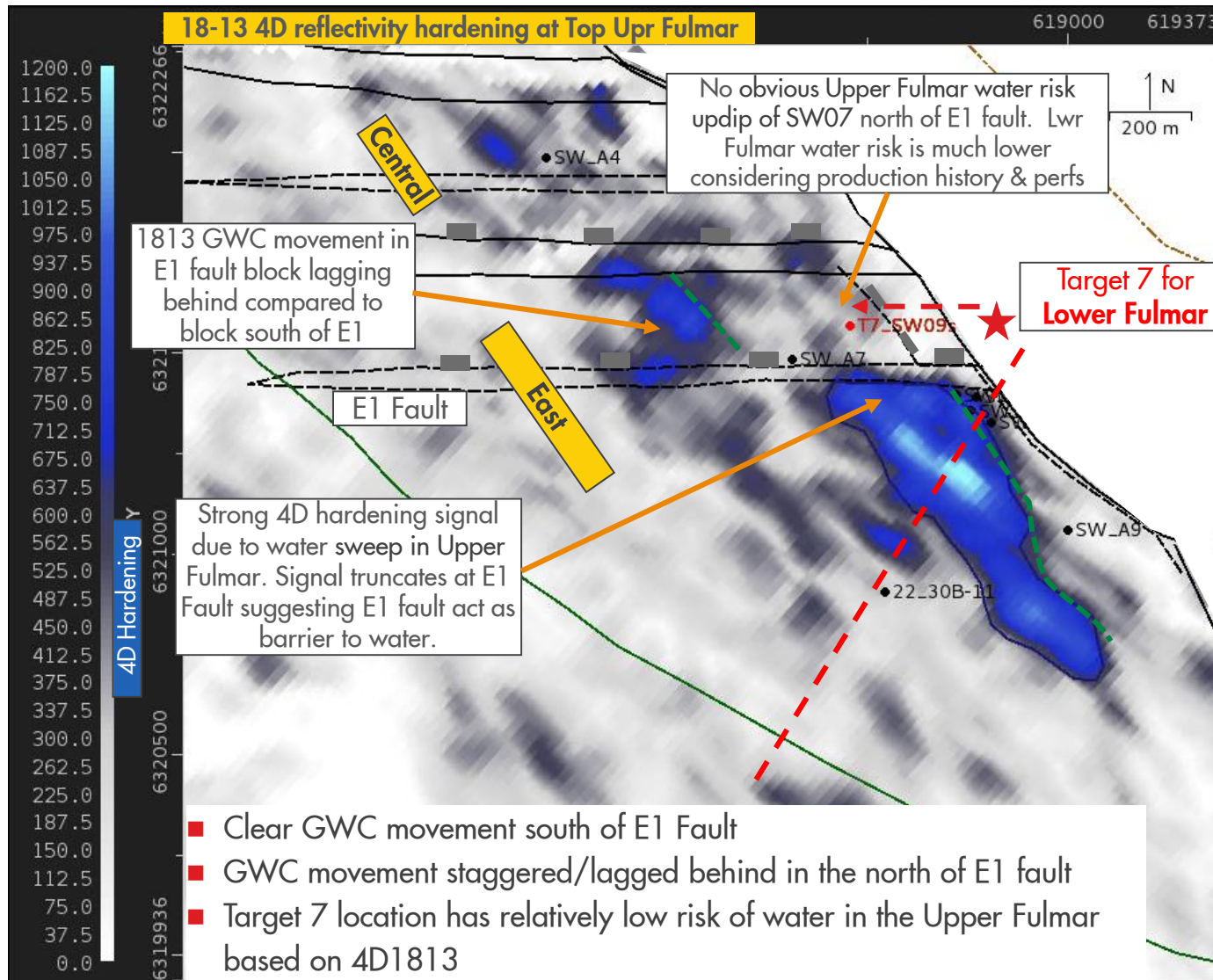
Upper Fulmar Map (BEFORE 2018 4D)



Upper Fulmar Map (AFTER 2018 4D)

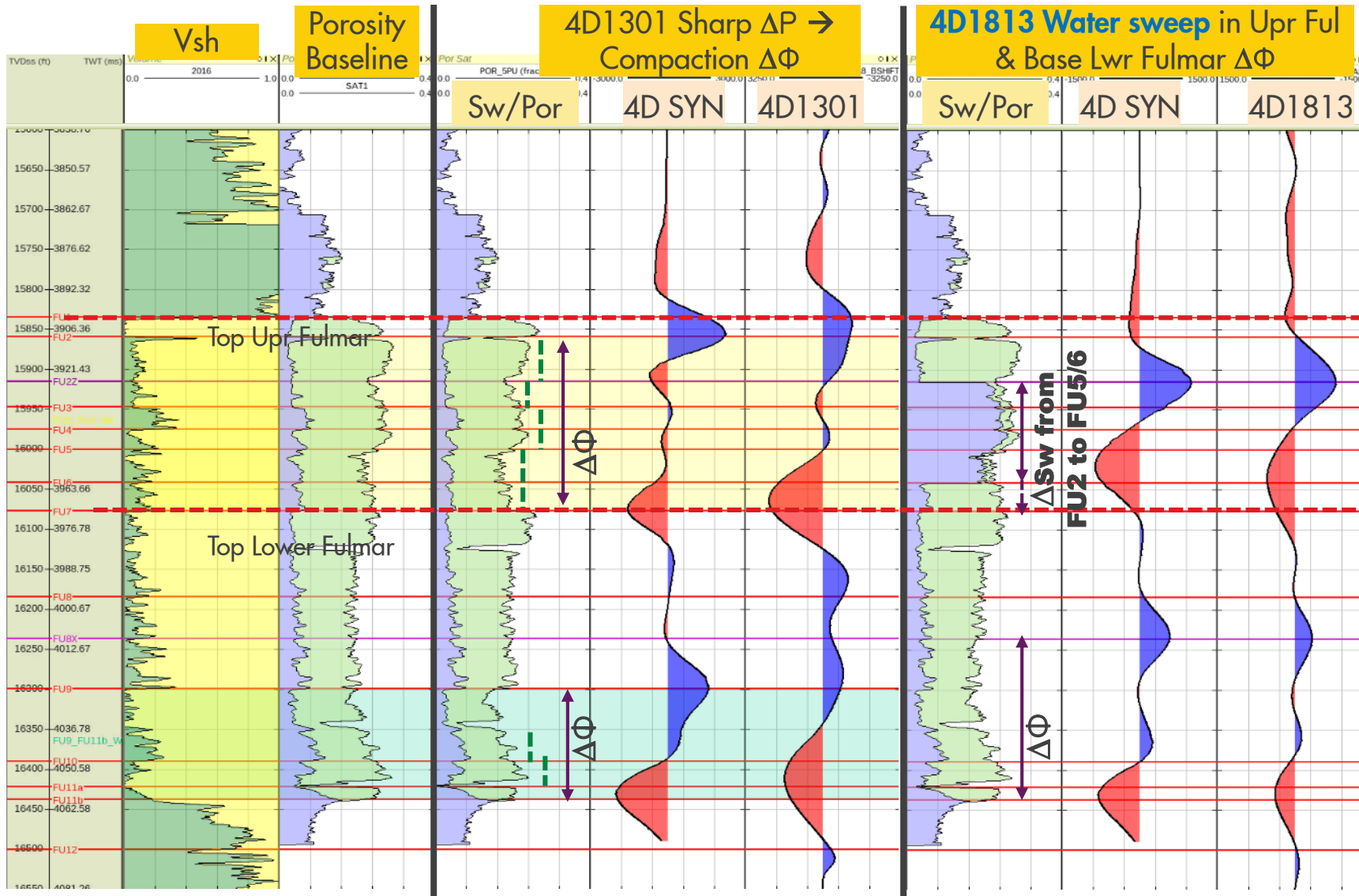
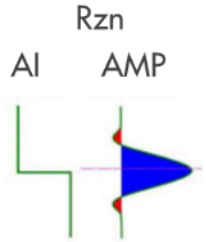


Upper Fulmar 4D – Lateral extent of water sweep



- 4D 18-13 is dominated by **saturation changes**
- Clear 4D **water sweep signal** in Upper Fulmar

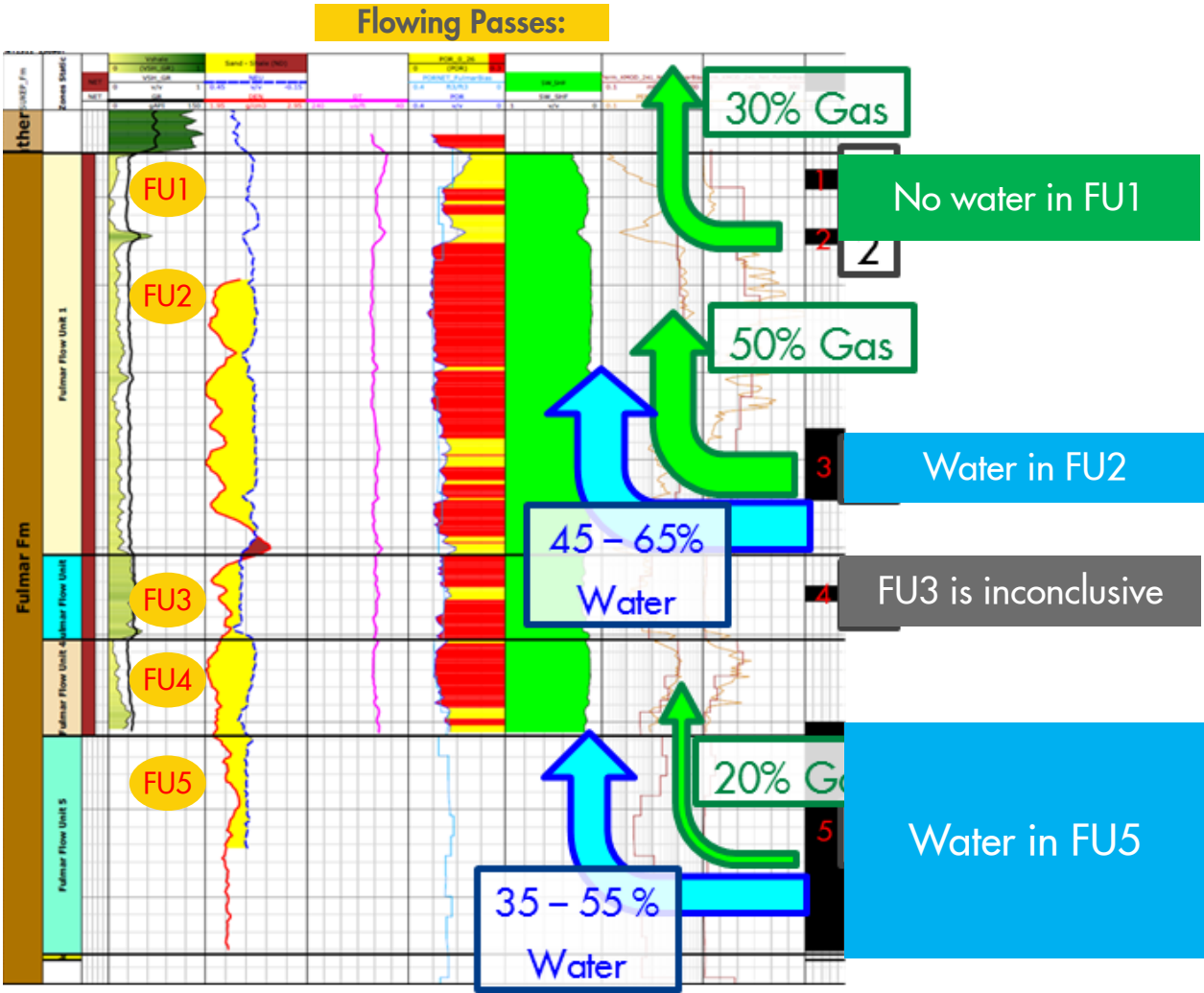
4D Response Modelling at SWA8 - Vertical extent of water



- Modelling shows that the vertical extent of the water sweep is between **FU2 to FU5 of the Upper Fulmar**
- Infill well is targeting the remaining volume in the Lower Fulmar

SW09S3 PLT (May 2017) & 2018 4D

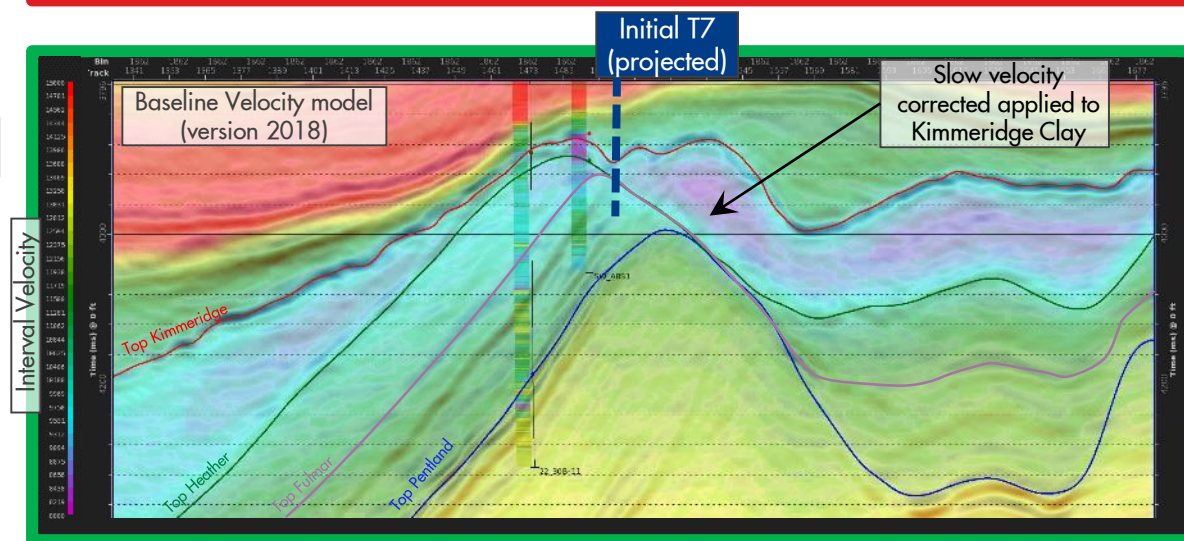
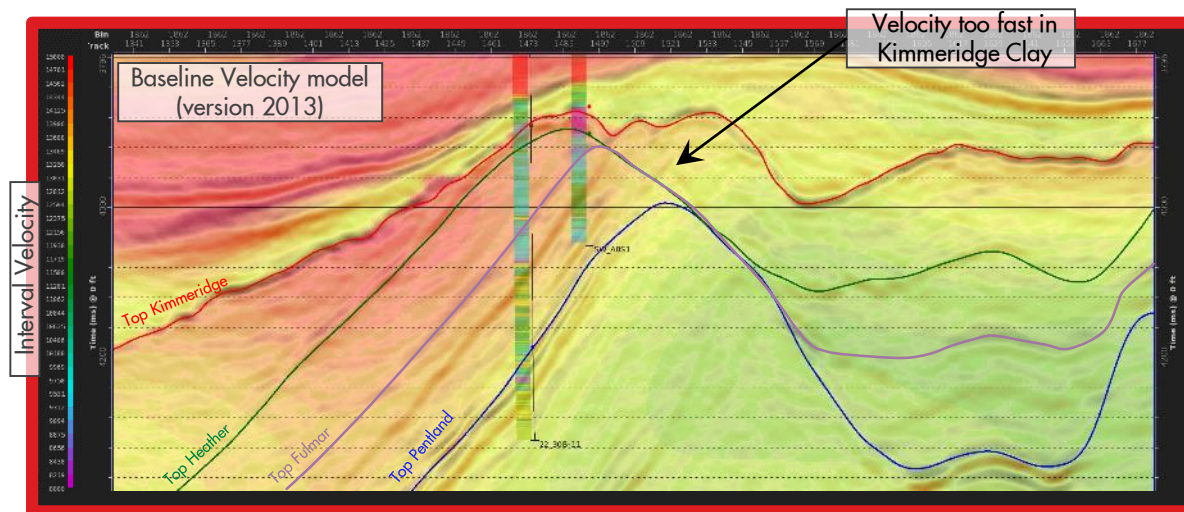
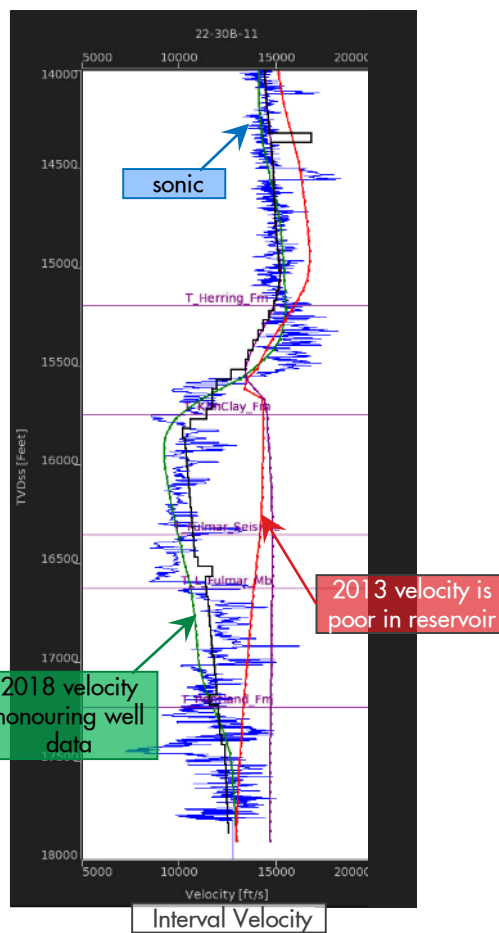
Crossflow from Perf 5 (FU5) to Perf 3 (FU2) during **shut-in** passes introduced some uncertainties



- SW09S3 PLT was acquired ~1 year before 2018 4D seismic
- The PLT and 2018 4D seismic results are in overall **alignment** suggesting water swept zone from **FU2 to FU5 of the Upper Fulmar**

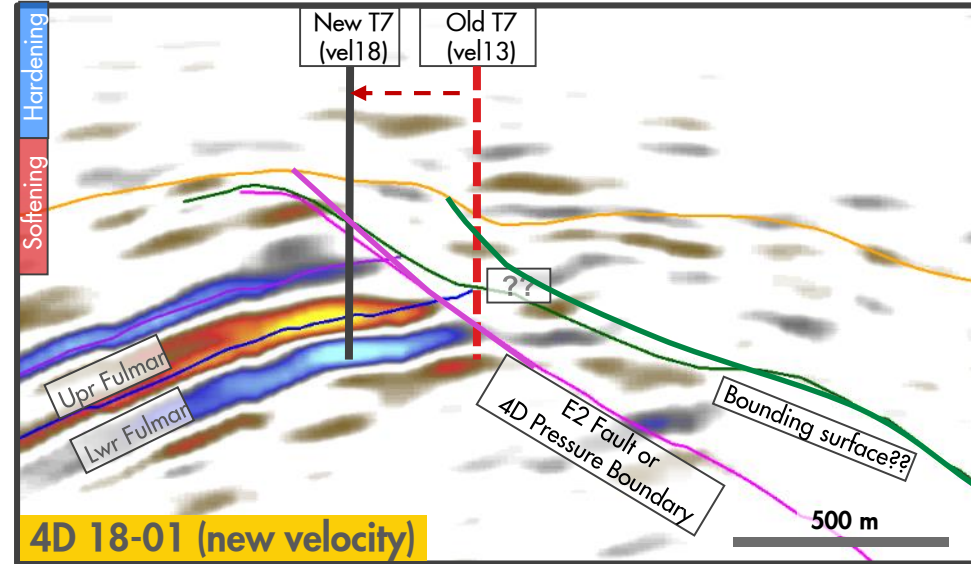
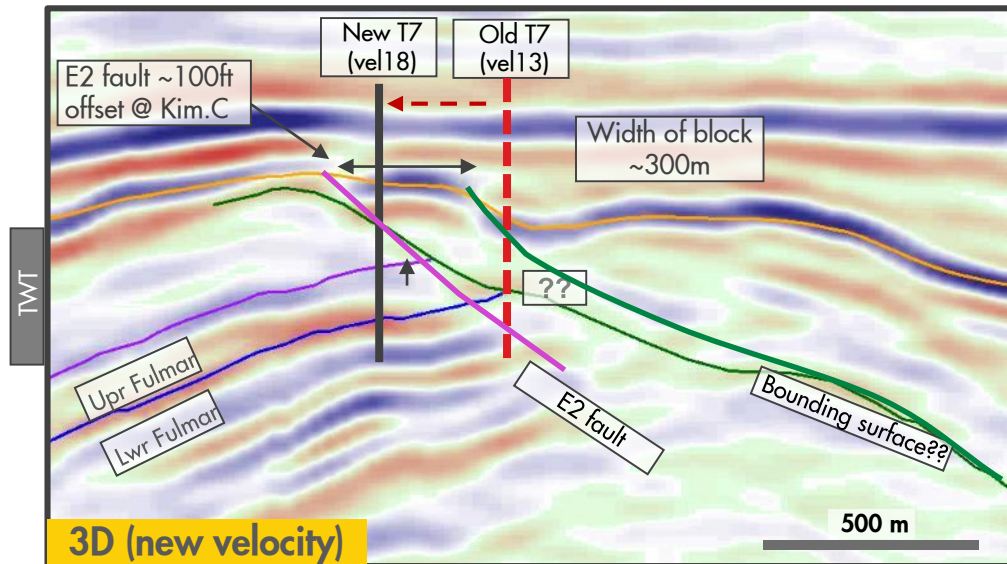
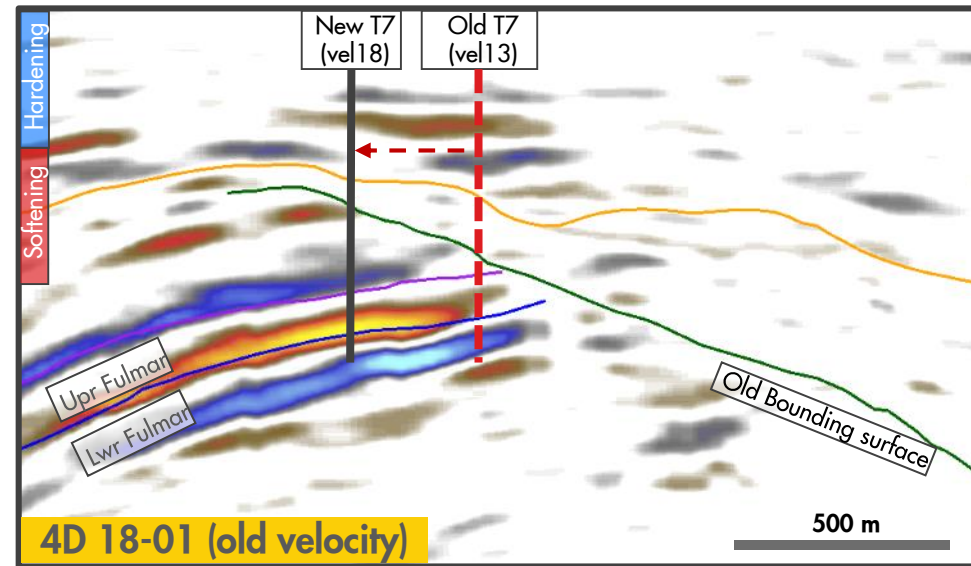
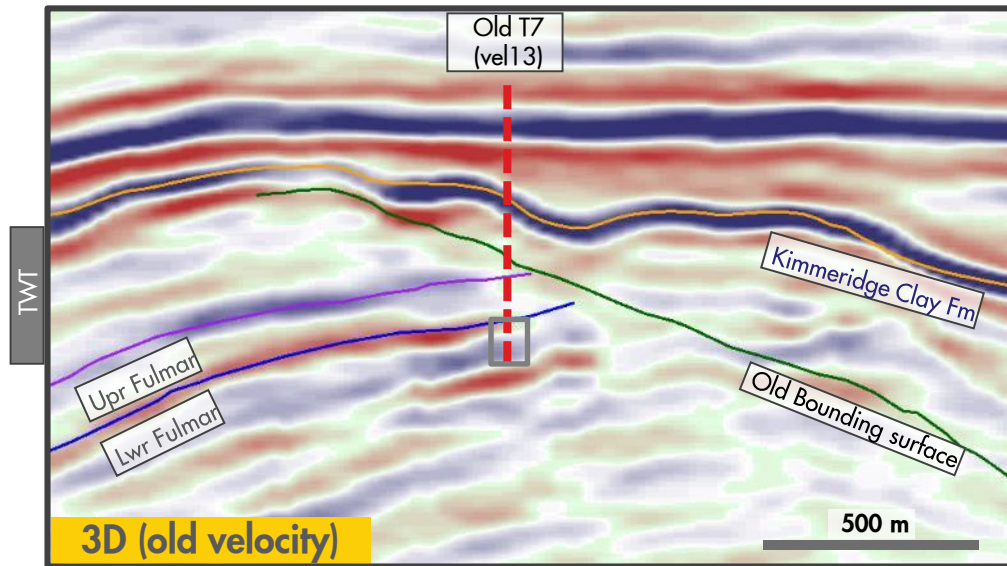
Perf	FU	PLT Interp			PLT Interp after cross flow correction		
		Gas	Water	WGR	Gas	Water	WGR
		%	%	bbl/MMscf	%	%	bbl/MMscf
1	1	18	0	114	18	0	80
2	2	16	0		16	0	
3	2	48	64		48	45	
4	3	inconclusive					
5	5	18	36	293	18	55	448

2018 4D migrated with improved baseline velocity model

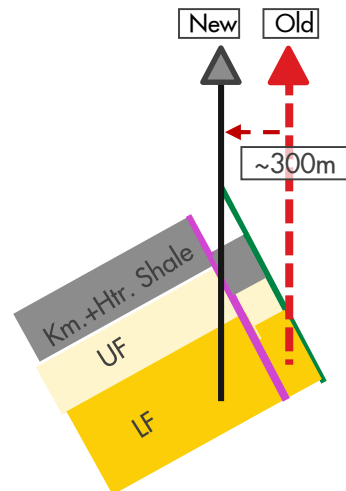


- Lateral velocity variation is critical for imaging (both 3D & 4D)
- Significantly affect the positioning and amplitudes of reflectors near the crestal area
- Better imaging due to improved baseline velocity led to **E2 fault** interpretation

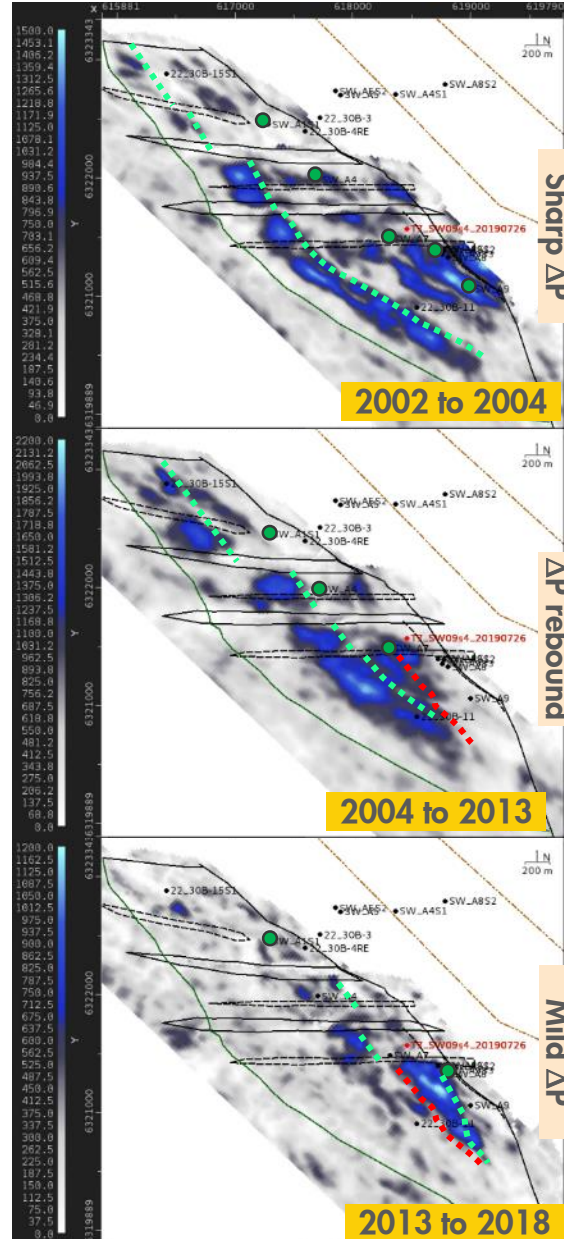
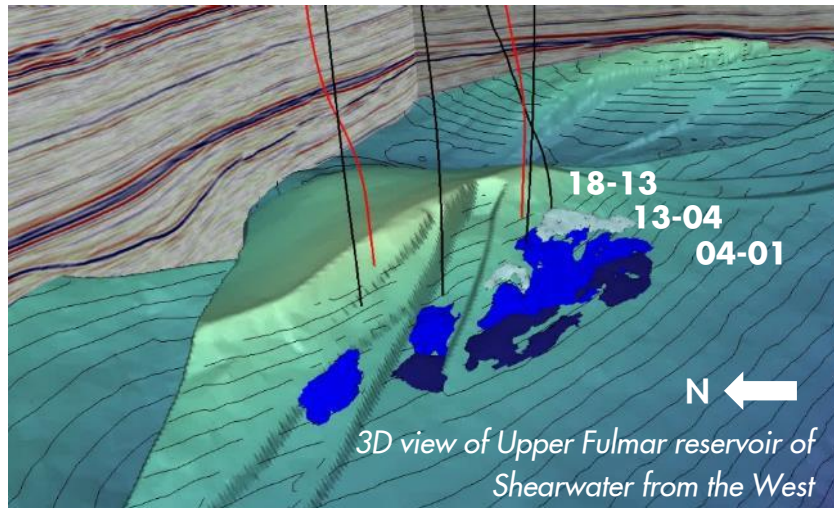
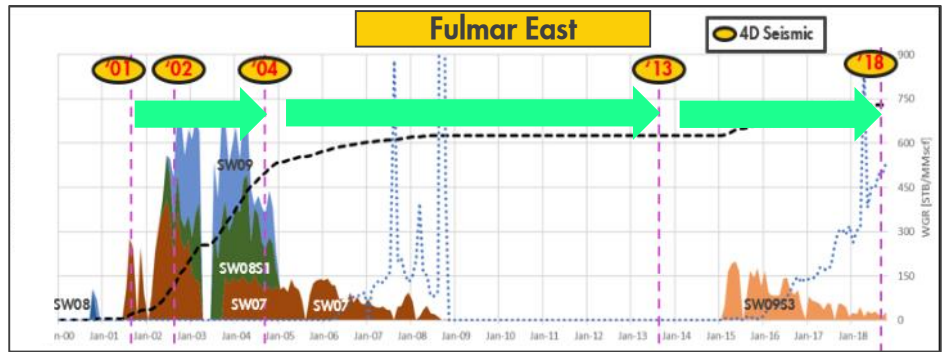
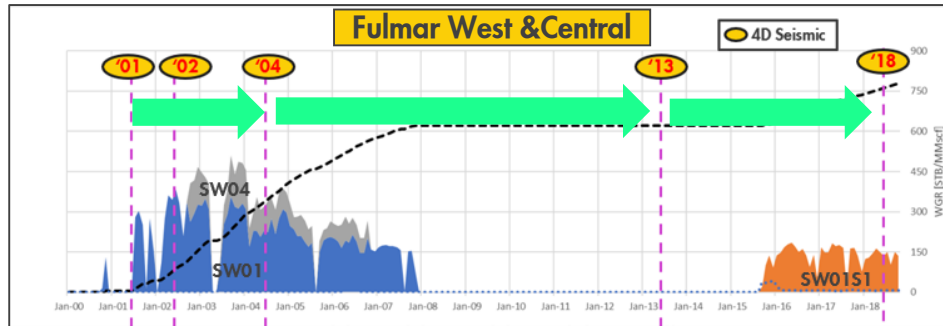
Impact of updated migration velocity & E2 Fault



Various geological realizations considered for well planning



4D interpreted pGWC movement at Top Upper Fulmar



- Joint evaluation of the **spatial position** of the 4D hardening signal of multiple 4D timesteps enable interpretation of producing **GWC movement**.
- The 4D hardening related to water sweep moves **progressively updip** with each 4D timestep
- The 4D hardening signal at the crest in 2002-2004 is dominated by pressure depletion induced **compaction**

Heather Sand 4D: Imaging the invisible

Intro

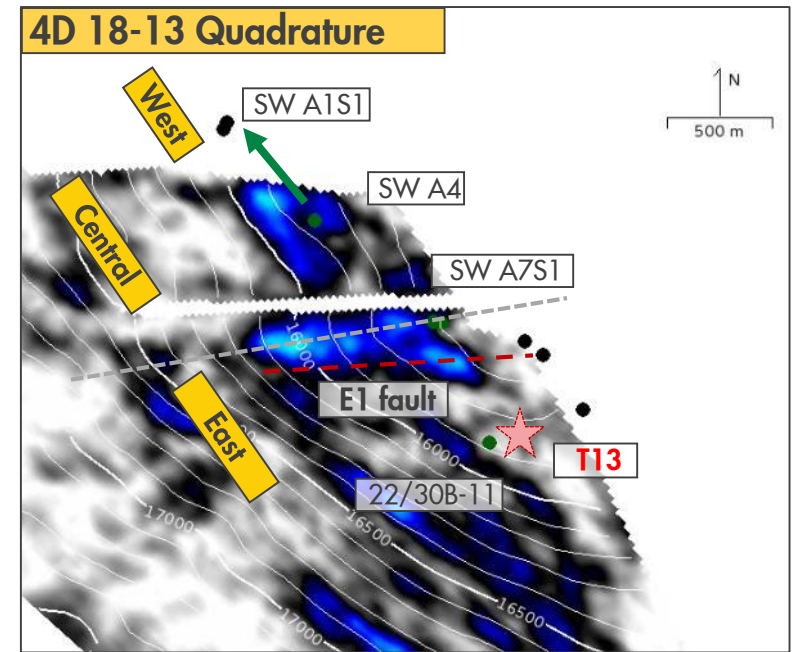
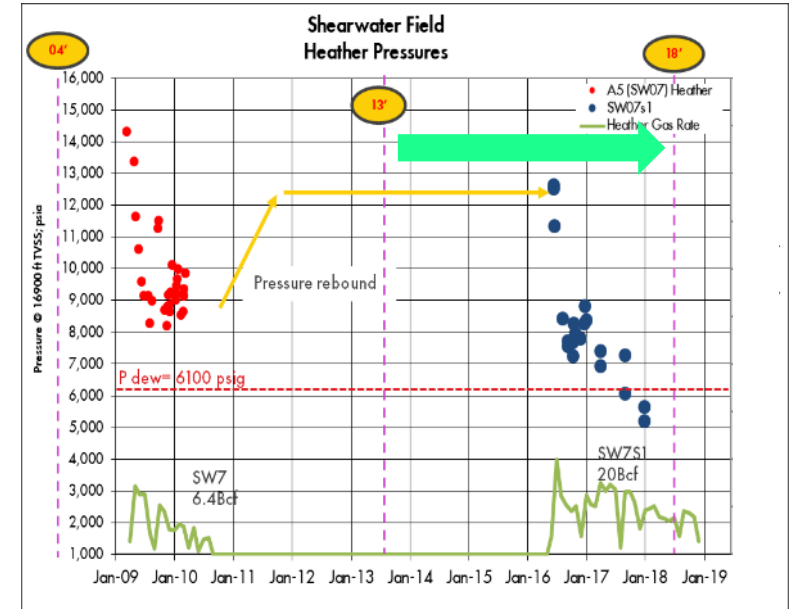
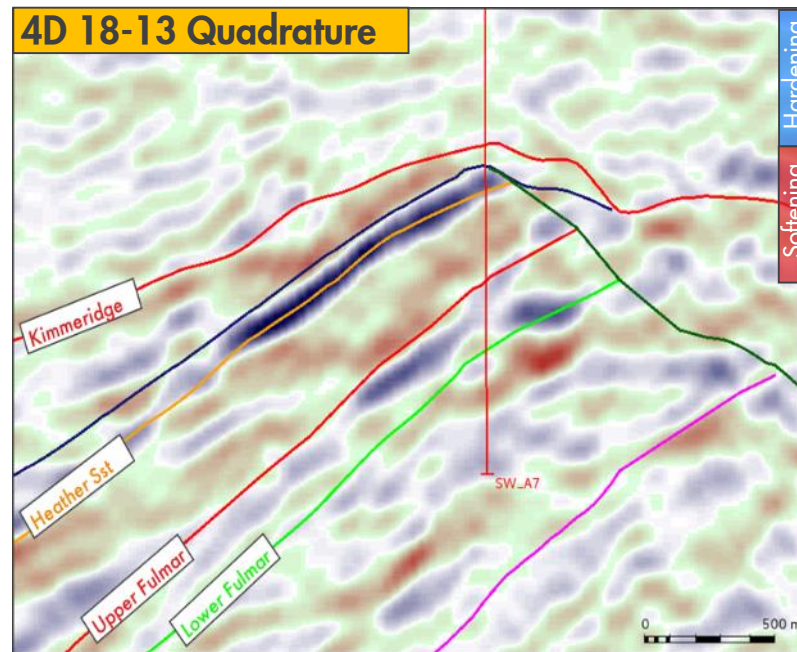
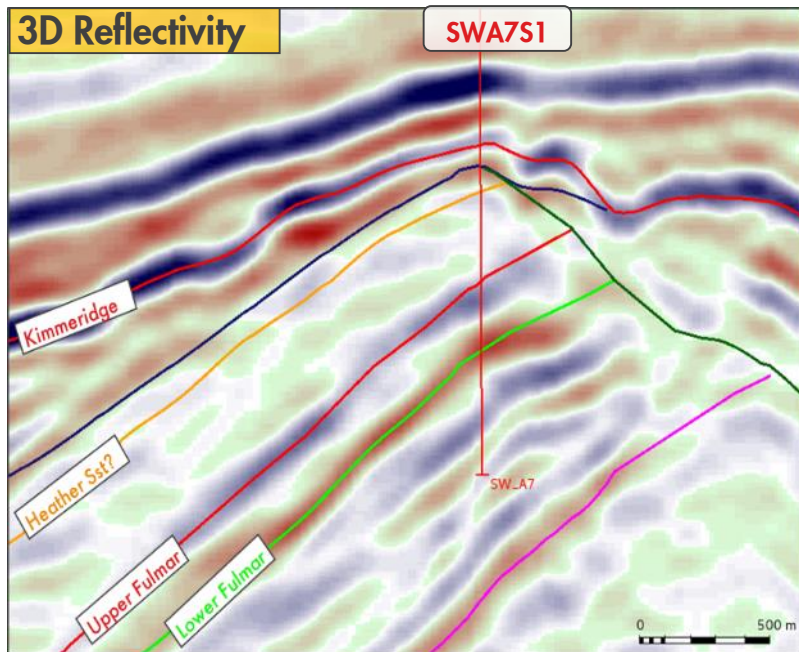
- Heather Sand is ~48 ft i.e. **thin and very weak 3D acoustic impedance contrast**
- Turbidite reservoir with 100% NTG and 24% porosity

East

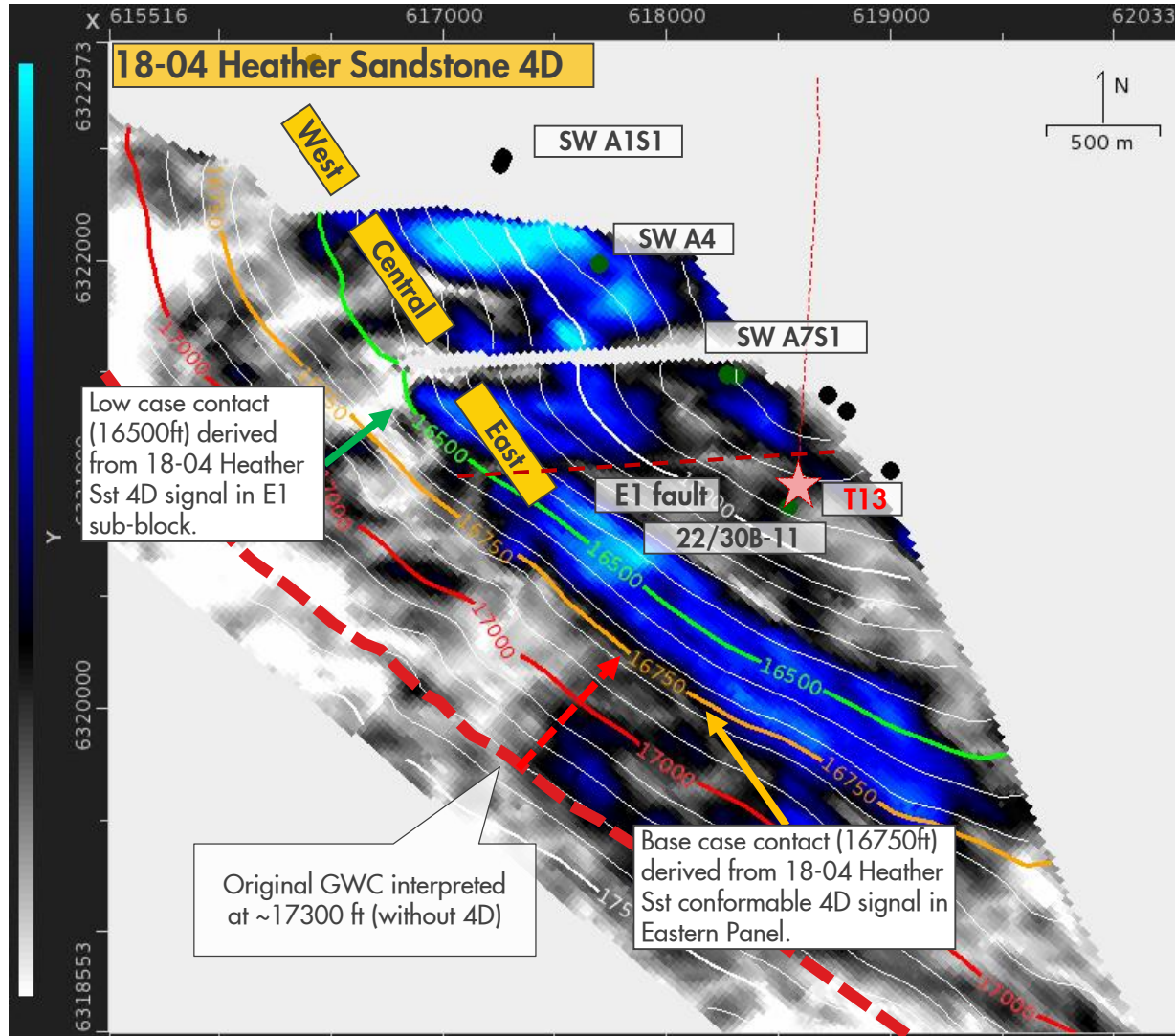
- **SWA7S1** produced ~20Bcf from Heather Sand from 2016 onwards.
- Near / far tank behaviour related to **E1 Fault** (also extend deeper into Fulmar)
- Supported **T13** well placement

Central

- No direct off-take point in Central Panel
- **SWA1S1** Fulmar producer is depleting the **Heather Sand** of Central Panel



4D indicates original GWC of Heather Sand



- Without aquifer pressure data & without 4D support, previous GWC at 7300 ft has high uncertainties
- With clear 4D signal, the base case for the **original GWC** was revised to 16750 ft

Summary

De-risking Phase 4
infill wells

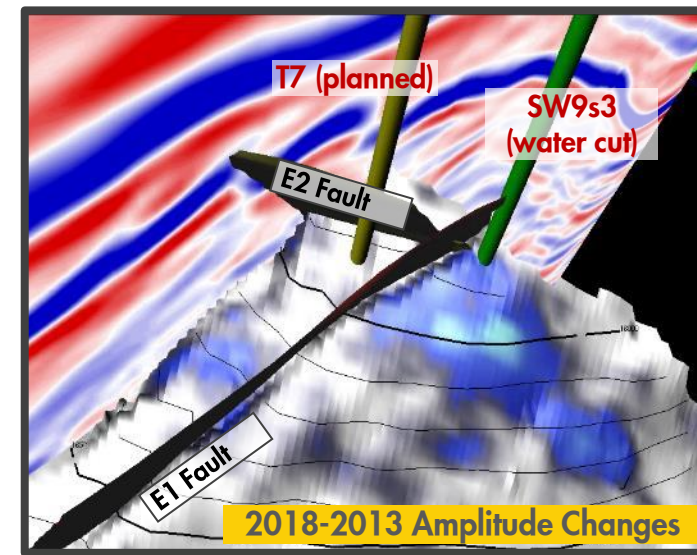
Connectivity &
Compartmentalization

Contact

Journey of
Continuous improvement

Raising the bar

- Supported location of 2 wells
- Shifted location of Fulmar East infill well
- Overburden changes & 4D timeshifts
- Identified sub-seismic faults
- Near tank/far tank behaviour of Heather Sand
- Western Panel and Central Panel in communication
- Producing GWC movement of Fulmar
- Original GWC of Heather Sand
- Integrating production data and analysis at **Flow Unit scale**
- Lateral velocity variation matters for both 3D & 4D data
- Jigsaw puzzle... New 4D data helps to further unravel previous timestep
- 4D velocity model build per vintage
- Geomechanical model calibration with 4D timeshifts
- Enhanced imaging including least square migration



Acknowledgement

Subsurface Team members:

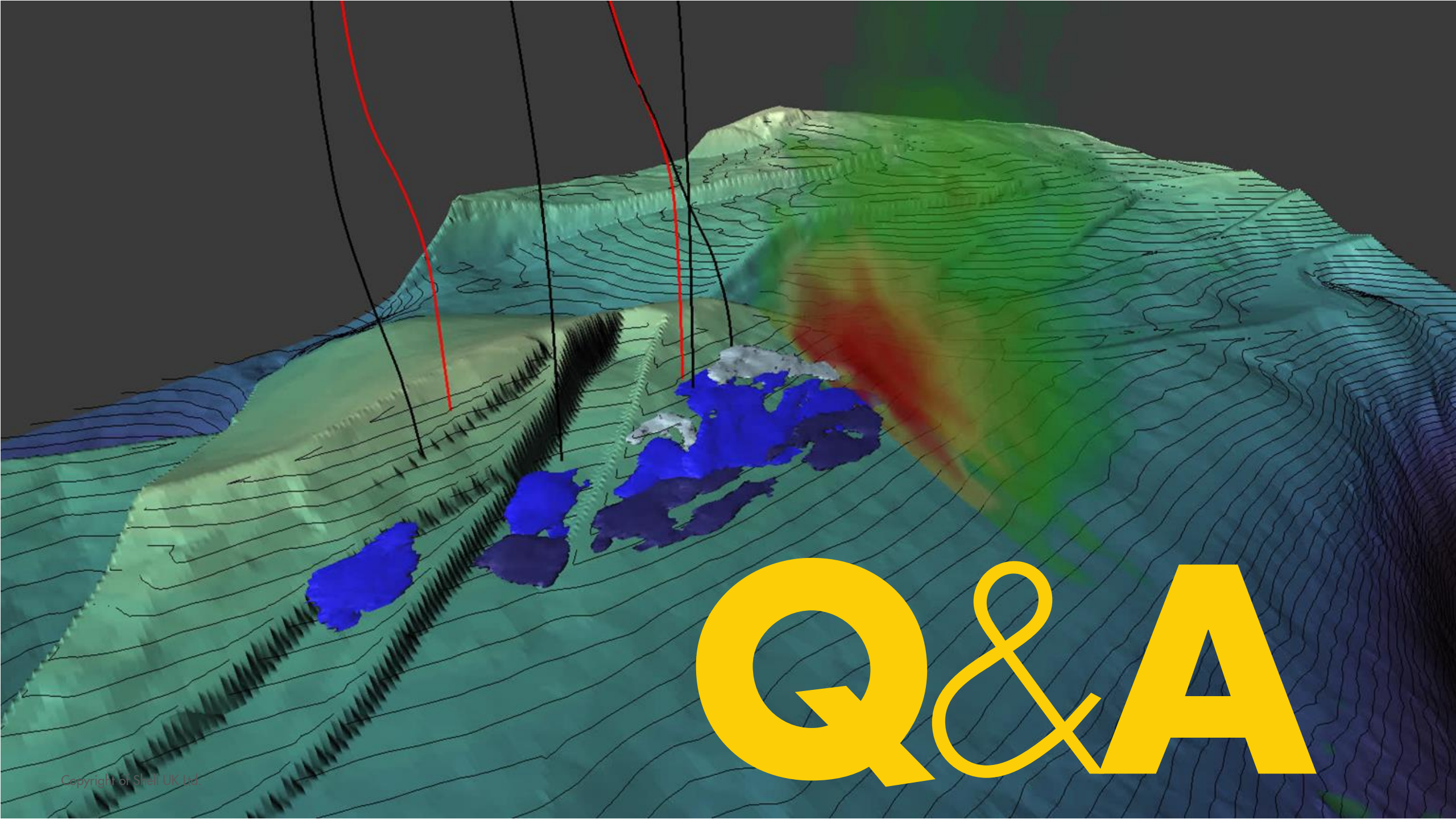
David Jones, Hitesh Mishra, Sylvie Baggio,
Isaac Foo, Matt Hale

Wider team members:

Seismic acquisition, processing team & geophysicists
over the last 20 years

We would like to thank the Shearwater co-venturers,
[Esso Exploration and Production UK Limited](#) and
[Arco British Limited](#) for their contributions and
allowing us to present the data.





Q&A

