



LNG GROWTH

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Shell Upstream Americas, VP LNG Operations & Growth

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ENERGY OUTLOOK BY 2050



9 BILLION people, 75% living in cities

(2 BILLION more than today)



2 BILLION vehicles

(800 MILLION at the moment)



Many MILLIONS of people will rise out of energy poverty; with higher living standards energy use rises



Energy demand could DOUBLE from its level in 2000... while CO₂ emissions must be HALF today's to avoid serious climate change



Twice as efficient, using HALF the energy to produce each dollar of wealth



3 times more energy from renewable sources

BENEFITS OF NATURAL GAS



WHAT IS LNG?



PRODUCTION

- Natural Gas production and separation from oil and water (when present)



LIQUEFACTION

- Natural Gas cooled to liquid state at -162°C at atmospheric pressure.
- Volume reduced 600 fold



SHIPPING

- LNG transported over long distances in purpose built carriers



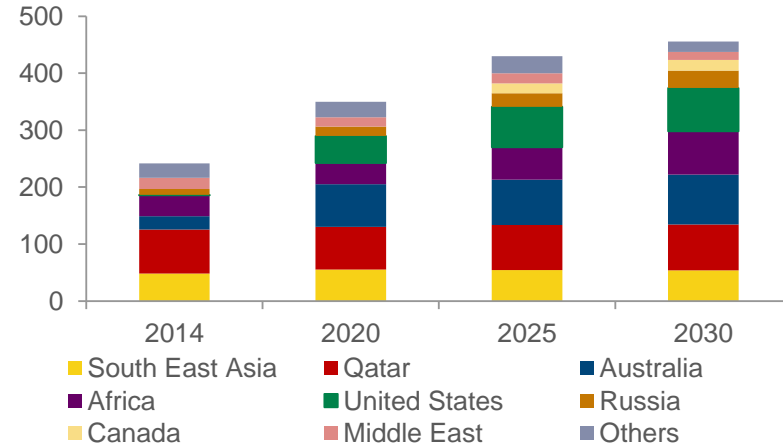
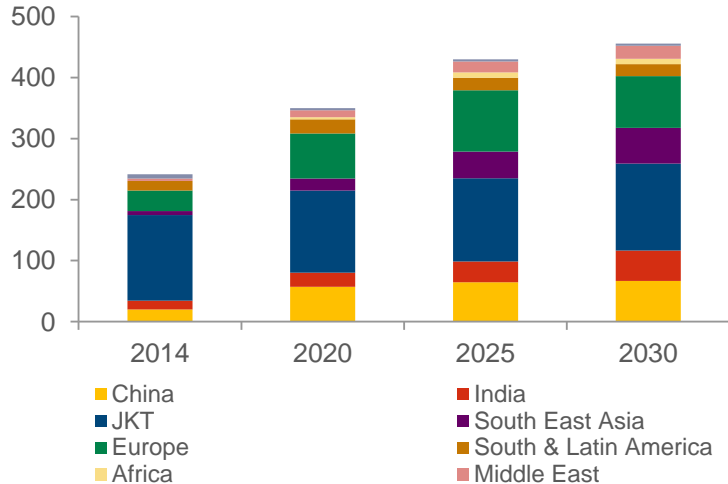
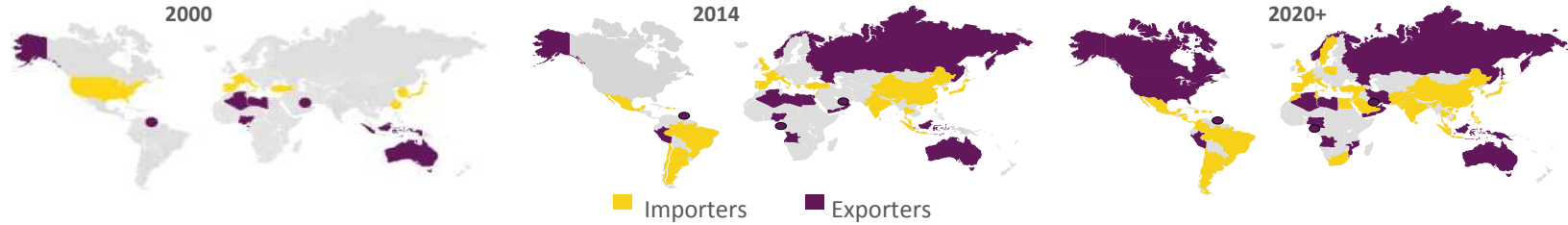
REGASIFICATION

- LNG returned to gas state and injected into the transport pipeline network for distribution and sales

COST EFFECTIVE ALTERNATIVE TO PIPELINE FOR DISTANCE $>$ ~3000 KM

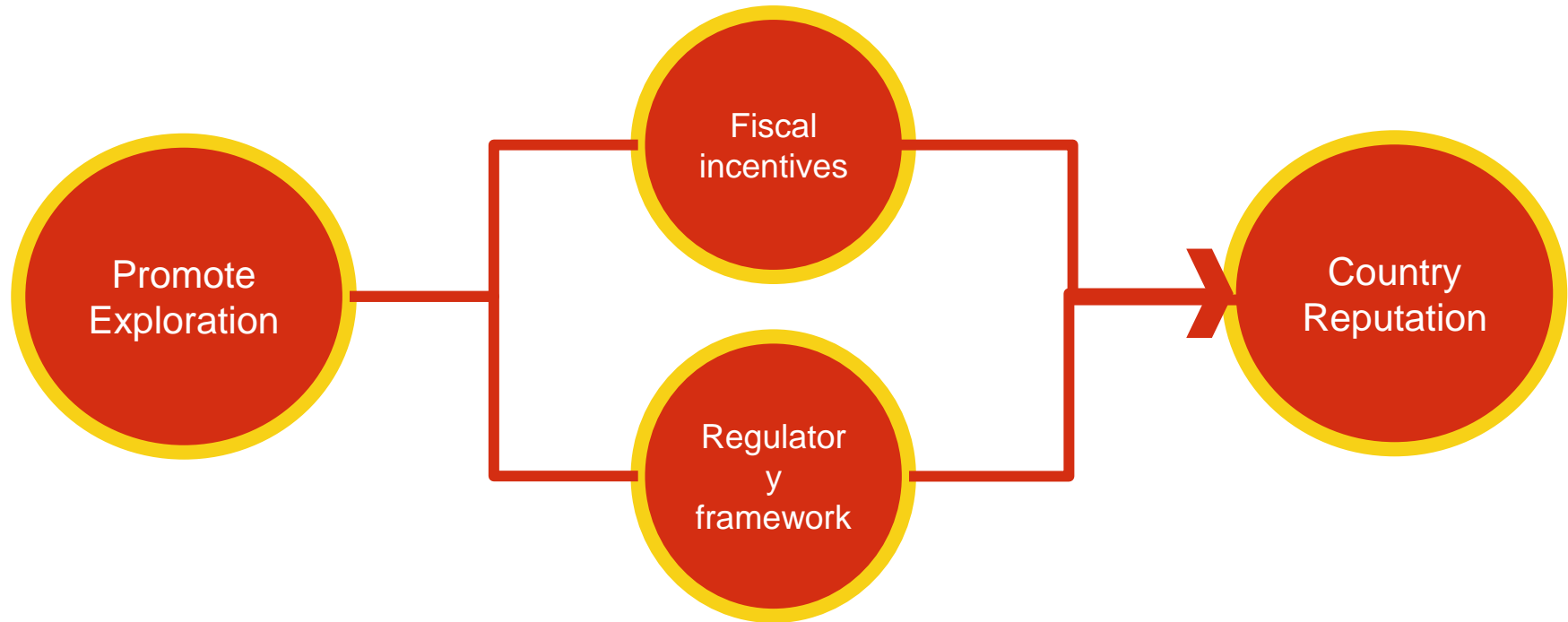
LNG SUPPLY & DEMAND DYNAMICS

INCREASING NUMBER OF IMPORTERS AND EXPORTERS



Source: Shell analysis

ENABLING COMPETITIVENESS



COMPETITIVENESS: WHAT HAS BEEN DONE?



Exploration phase
increase from
6 to 9 years

Production phase
increase from
24 to 30 years

Adjustment in
windfall
profits fee

Offshore Gas Royalty
Reduction by 40%

Creation of offshore
free trade zones

COMPETITIVENESS: REMAINING CHALLENGES



Further fiscal
incentives

Competitive and
Reliable regulatory
framework

Contractual
stability

PARTERSHIPS: A KEY TO SUCCESS

