

Message

From: Watkins, Gretchen H SERC-UP [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/[REDACTED]]
Sent: 5/13/2020 11:56:37 AM
To: Gerges, Amir NAM SEPCO-UPU/M ([REDACTED]@shell.com) [REDACTED]@shell.com]; McMahon, Kevin M SEPCO-UPU [REDACTED]@shell.com]
Subject: FW: Follow up on Kairos and Permian

Both, just as a follow up, Helen has done a bang up job getting to the bottom of this as well as proposing a forward plan, which I support. Please see below, not for sharing, but for your understanding going forward. Thanks

Best Regards,

Gretchen

Gretchen H. Watkins
President Shell Oil Company
Executive Vice President Global Unconventionals
Shell Oil Company

[REDACTED]
Email : [REDACTED]@shell.com

From: Watkins, Gretchen H SERC-UP
Sent: Wednesday, May 13, 2020 11:55 AM
To: Forde, Helen M SI-UP <[REDACTED]@shell.com>
Subject: RE: Follow up on Kairos and Permian

Hi Helen, I sure do appreciate your ability to cut through the "muck" on stuff like this. It's a real talent to be able to drive simplicity and clarity in a complex place like Shell! And thanks so much for taking the time to investigate this one. I do appreciate that this survey was going forward with or without us, but so too are many others, and we do need to be thoughtful about which ones we participate in. I also agree that this was being driven by folks deeper in the organization that felt they had been charged to do this.

I support your way forward, using the Methane Steer Co to validate the strategy, but also as the point where business engagement and support is checked. Happy to not escalate this further, and appreciate you landing the messages with the right folks in PTX. Thanks again.

Best Regards,

Gretchen

Gretchen H. Watkins
President Shell Oil Company
Executive Vice President Global Unconventionals
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From: Forde, Helen M SI-UP <[REDACTED]@shell.com>
Sent: Wednesday, May 13, 2020 7:41 AM
To: Watkins, Gretchen H SERC-UP <[REDACTED]@shell.com>
Subject: Follow up on Kairos and Permian

Gretchen

I have followed up on the Kairos survey questions you raised, spoken with Amir, Kevin and David Torres (VP in PTX whose team looks after this area). Here is what I have learned and my suggested way forward:

Background

- Kairos are doing this survey in any event – they offer us (and other operators) the data and we decide if we buy it or not. I don't believe from what I heard that we can actually stop it. If we buy the data from this 'run' we get the data at lower cost (\$42,000) and we can get a better sense of Kairos's methodology. PTX are now clear on the issues with gathering data for June from an operations point of view. If we pick a different time (not June) this will be a special run and the cost would go up significantly.
- PTX intend to use the data to assess Kairos's ability to segregate data, data resolution, handling of unique circumstances, etc. So more of a general review that would not require input from the asset. They intend to use publicly available information. However I think that they have underestimated the effort required from the asset for any work like this. I shared with them that there are hundreds of acres, many operators (~ 350) and that it takes time and effort to decipher the data. I also don't think they were fully aware of the LDAR repair commitments that Permian has signed up to as part of the API voluntary scheme.
- PTX have a drive to help accelerate methane measurement technologies – I am aware that this is being driven by CEBB. I sense an urgency to get this in a better place – my sense is that this is not being done with the full involvement of the businesses.

Why did we get here

- I really think we are in this position with the Kairos work for a few reasons:
 - There is no deliberate decision making or formal process to get business buy in for this type of work and specifically where there is a direct interface with an asset. General ad-hoc conversations seem to happen, largely low down in the org have resulted in assumptions which have not helped in this case.
 - PTX saw this as an opportunity to gather data from a survey that was already being carried out – somewhat independent of the asset.
 - There is a discrepancy in terms of how PTX and the asset see the level of work that would have to do to validate the data.
- One of the big issues as I see it is that it is unclear as to who makes decisions re what technologies we deploy and where. There does not appear to be a forum where PTX can share their strategy/plan re the use of technologies for methane measurement and get support from the businesses. There is a CO2 abatement Technology platform DRB – but it is unclear who is on it and where the Upstream representations comes from (I have asked for that).

Proposed way forward

I would suggest the following:

- I don't think that there is any point at this stage in 'stopping the work'. I would rather us have this data, than not have it. I know Amir and Kevin have supported Brad Marcello being available for consultation on this work with PTX. PTX are also really conscious to avoid creating a burden for the asset so I hope this will reduce the impact – and Kevin will keep an eye on this.
- I have suggested to David that we use the Methane Steering Committee for them to talk about and get sign off for their methane technology strategy. We need to elevate this to a place where there is business sign off. I will raise

with John MacArthur and make sure this is built in – hopefully this will change us getting yet more surprises in the methane space.

I have pondered your question about elevating this further in P&T to undo the decision, which is still an option, but I am not sure what it will achieve at this stage. David is pretty clear that Upstream is not happy with what has happened and he agrees that having a clearer line of sight to get business buy in is the way forward. Clarity on how to do this, with the right level of business engagement is the key I think.

I will work that as part of the revised MSC.

Let me know if this is acceptable. Any questions then let me know.

Helen

Helen Forde

VP Safety and Environment Upstream

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