



Microseismic Data Flow Digitalization at the Quest CCS Facility

MATLAB Energy Conference 2020
November 17-18, 2020

Stephen Harvey
Shell Canada Limited

UP HERE,
TOO MUCH
CO₂ IS A
PROBLEM

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, November 17th, 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.

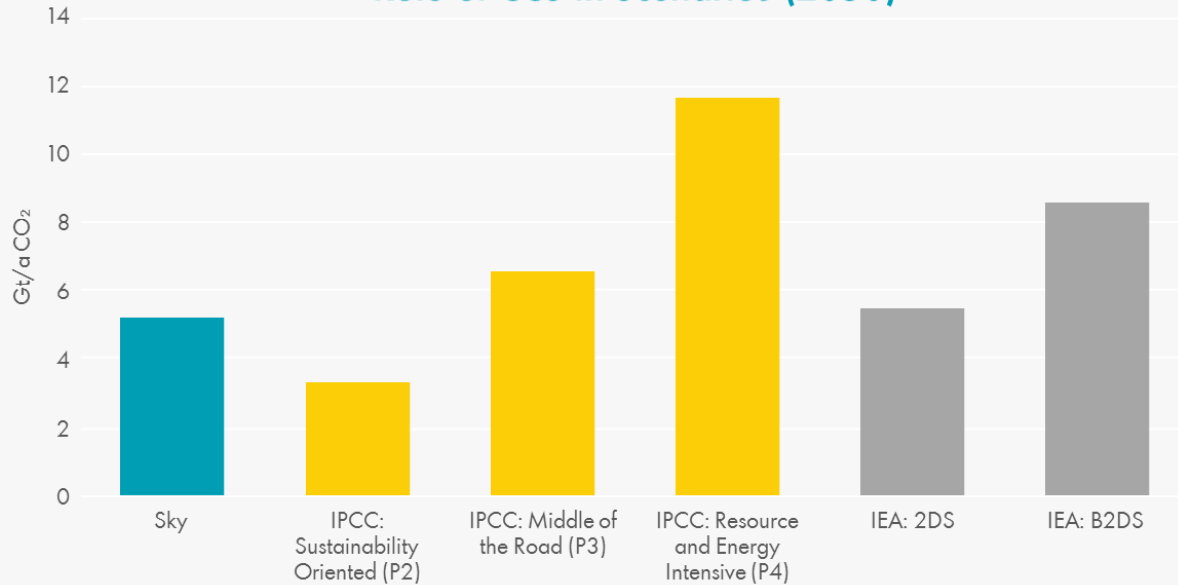
Outline

- **Carbon Capture & Storage**
 - GHG Reduction
- **Risk-based Measurement, Monitoring & Verification (MMV)**
 - Ensure safe CO₂ storage
- **Quest Facility**
 - Operating a 1Mta CCS facility
- **Microseismic Data Flow**
 - Sensor to Assessment
- **Digitalization and AppDesigner**
 - Value add



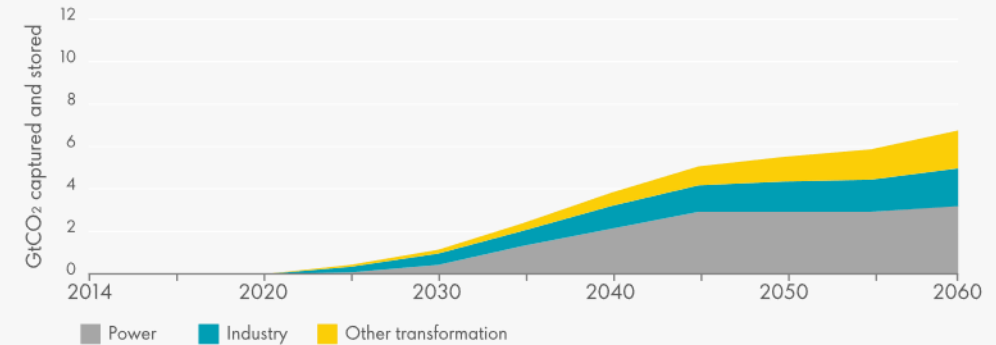
Scenarios to meet Paris agreement and limit average global temperature rise to below 2°C include CCS

Role of CCS in Scenarios (2050)



Source: data from Shell (2018), IPCC (2018), IEA (2017), GCCSI (2018)

IEA 2DS requires more than 100 times the current CO₂ storage capacity by 2050



18 large scale projects are in operation
5 in construction
~40 million tons were stored in 2017

“CCS is vital for reducing emissions across the energy system in both the Energy Technology Perspectives 2°C Scenario (2DS) and the Beyond 2°C Scenario (B2DS)”

IEA Energy Technology Perspectives (2017)

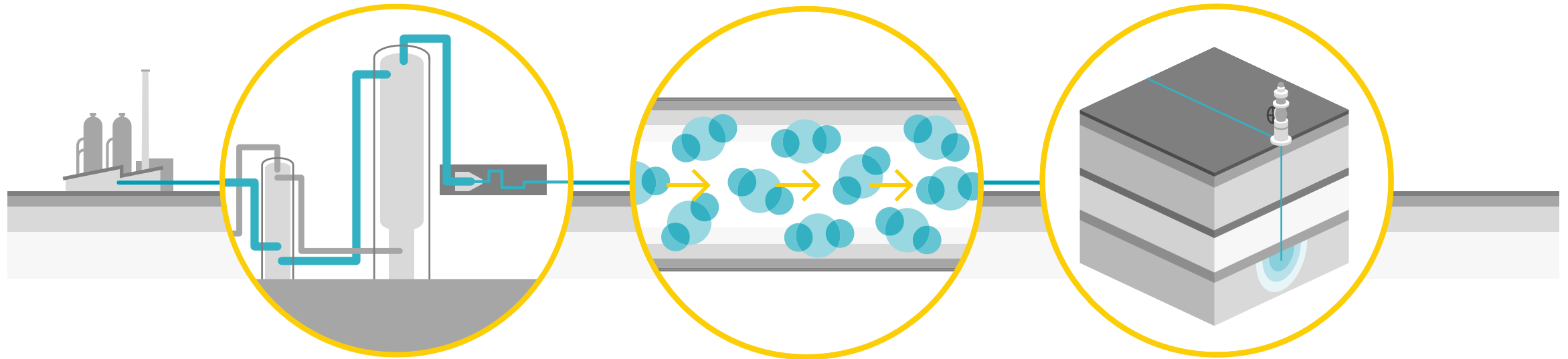
“CCS is essential to reach net-zero emissions, committed to under the Paris Agreement”

UK Committee on Climate Change (2018)

“Early scale-up of industry-sector CCS is essential to achieving the stringent temperature target (below 2°C)”

IPCC SR15 (2018)

Carbon Capture & Storage (CCS) is based on proven technologies that have been in operation for decades



CAPTURE

- Solvents used for CO₂ capture since 1930s
- Multiple units in operation

TRANSPORT

- CO₂ pipelines in operation since the 1970s
- Over 6,000 km of existing CO₂ pipelines

STORAGE

- Injection of CO₂ for oil recovery since the 1970s
- Storage capacity is not a limiting factor

Source: data from TCM DA (2014), GCCSI (2017), IPCC (2018)

Five performance requirements for geological CO₂ storage

How can an operator ensure safety and long-term effectiveness of CO₂ storage?

Storage Site Feasibility

1. Capacity

Does the storage site have the storage capacity required?

2. Containment

Can it contain the CO₂ indefinitely?

3. Transport & Injectivity

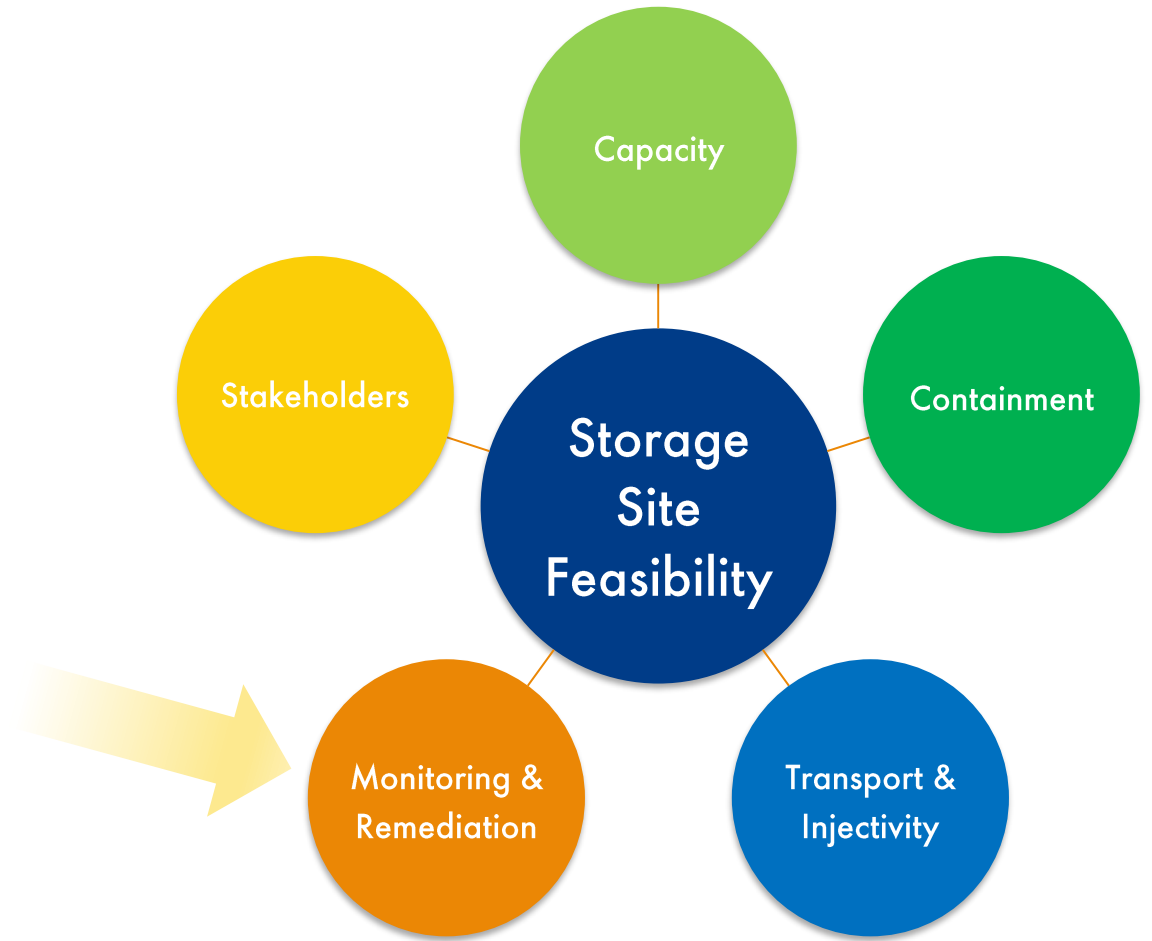
Can CO₂ be transported to the site, and sustained injection maintained, at required rates economically?

4. Monitoring & Remediation

Can the injected CO₂ be monitored, and remedial activities deployed within economic limits?

5. Stakeholders

Are all stakeholders in agreement?



Risk-based Measurement, Monitoring and Verification (MMV or MVA)

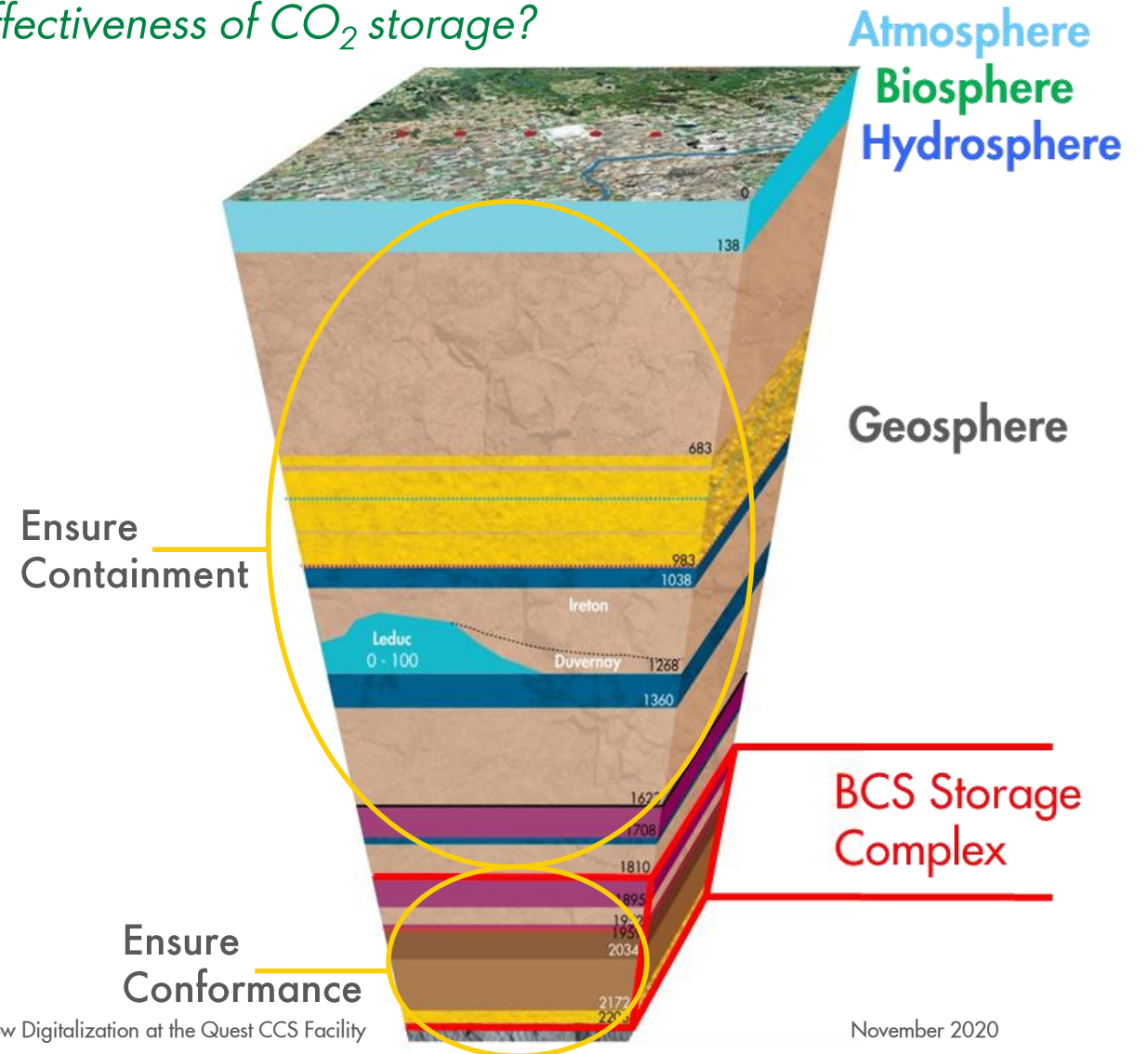
How can an operator ensure safety and long-term effectiveness of CO₂ storage?

Fit-for-purpose MMV plans

- **Base monitoring plan:** Baseline and selective monitoring focused on key risks
- **Contingency monitoring plan**
- **Corrective measures plan**

MMV approach

- **Risk-based:** Bowtie risk framework, mitigating threats and monitoring active barriers
- **Comprehensive:** Covering all domains and phases of storage operation
- **Adaptable:** The plan is updated to respond to changing or updated risk assessments

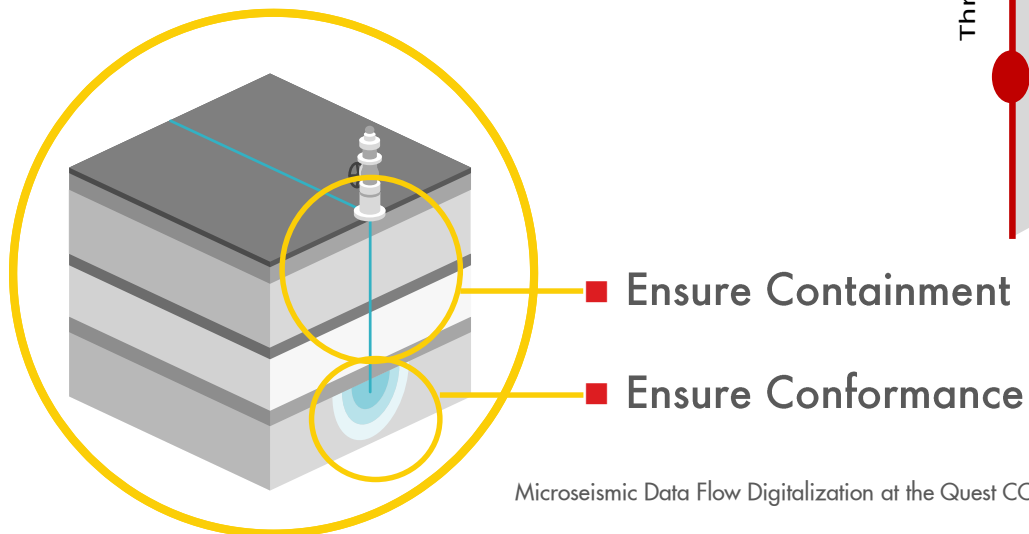


Risk-based Measurement, Monitoring and Verification (MMV)

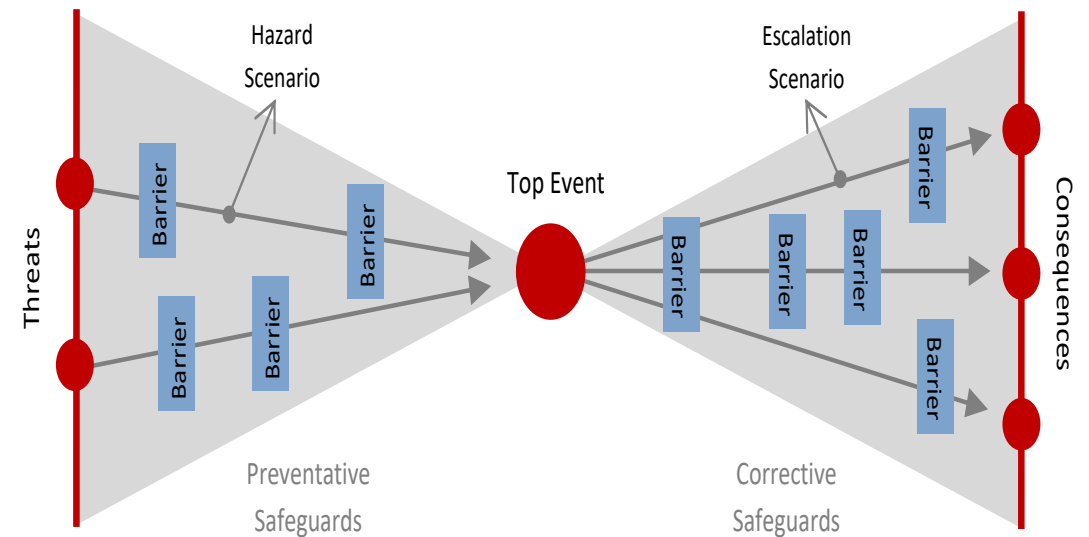
The Bowtie is the central mechanism for risk management within the Measurement, Monitoring and Verification (MMV) plan

Goals

- **Ensure Conformance** to indicate long-term effectiveness of CO₂ storage
- **Ensure Containment** to demonstrate the safety of CO₂ storage
- **Transfer of long-term liability** Enables timely handover to the government after site closure



Bowtie risk assessment



Operating MMV Technologies with Proactive Technical Monitoring

The GOAL of PTM is to detect threats and realize opportunities early through structured monitoring of process and equipment

The FOCUS of PTM is to monitor and interpret deviations from specified limits

Reduces

- **cost/time** to maintain equipment
- **cost/time** to assess containment risks
- **manual oversight** allowing for focus on key issues and opportunities
- **down time** by preventing corrective maintenance

Builds

- **consistent datasets** which are key for enabling automated PTM
- **consistent documentation** which allows for quick review and effective handovers
- **knowledge** for future operations of this facility and future facilities
- **Ease of access to data** allowing experts to review data quickly

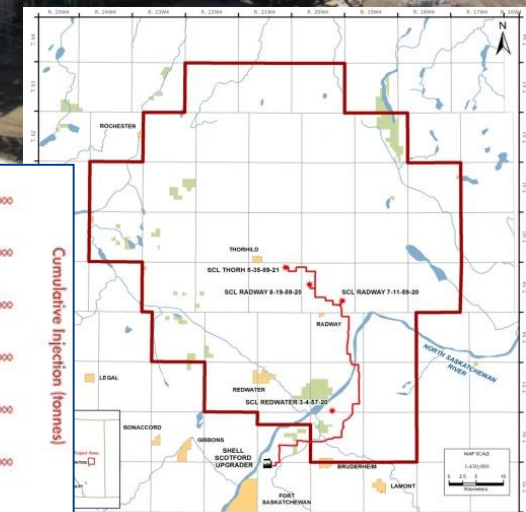
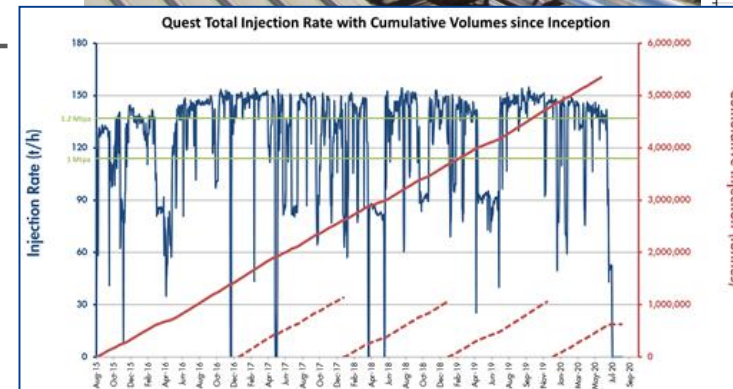
DIGITALIZATION OF MICROSEISMIC TECHNOLOGY

Enabling automated surveillance is a step towards implementing PTM and running an efficient MMV plan



Quest CCS Facility

- **What** – fully integrated, commercial scale CCS facility at an industrial complex
- **Where** – capture at Scotford Upgrader; storage in a deep saline aquifer: the Basal Cambrian Sands (BCS) at a depth of 2000m
- **Who** – Shell operated joint venture between Canadian Natural Resources, Chevron and Shell
- **Impact** – 25 million tonnes of CO₂ captured over a 25-year period (1/3 of CO₂ from the Upgrader) – equivalent to the emissions of about 250,000 cars
- **Volume** – 5.4 Mt since August 2015



Quest CCS Facility – Fully Integrated

Capture



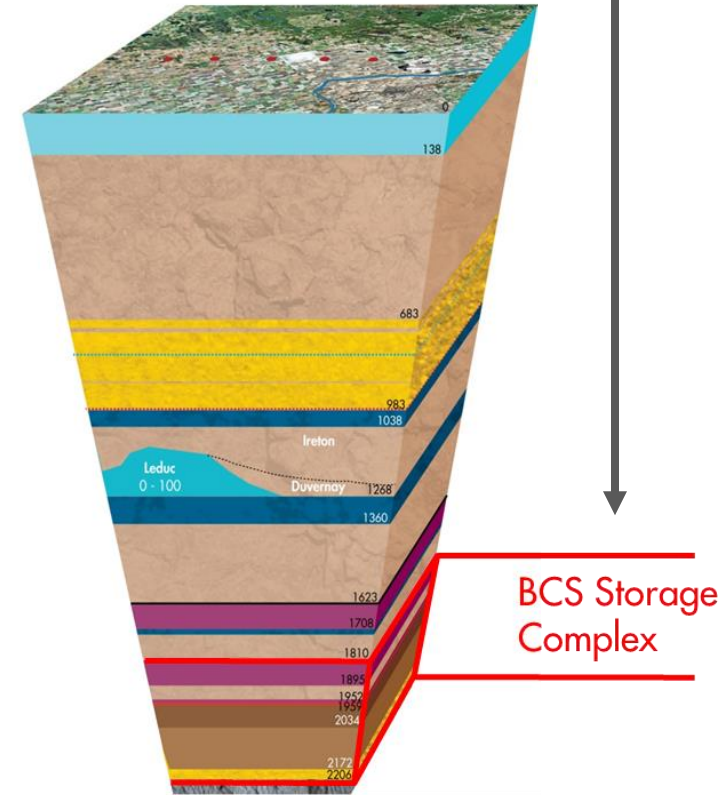
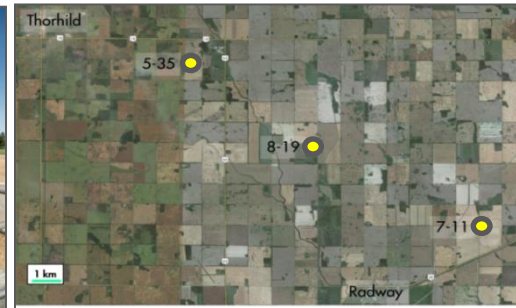
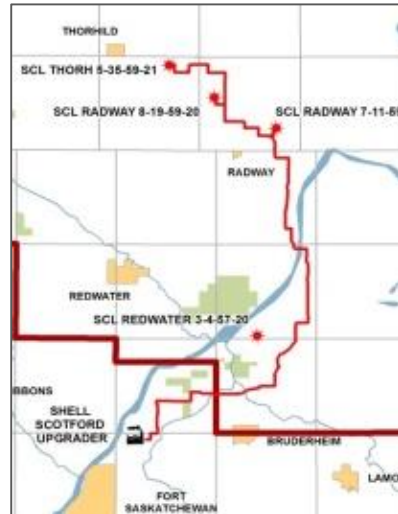
Transport



Inject



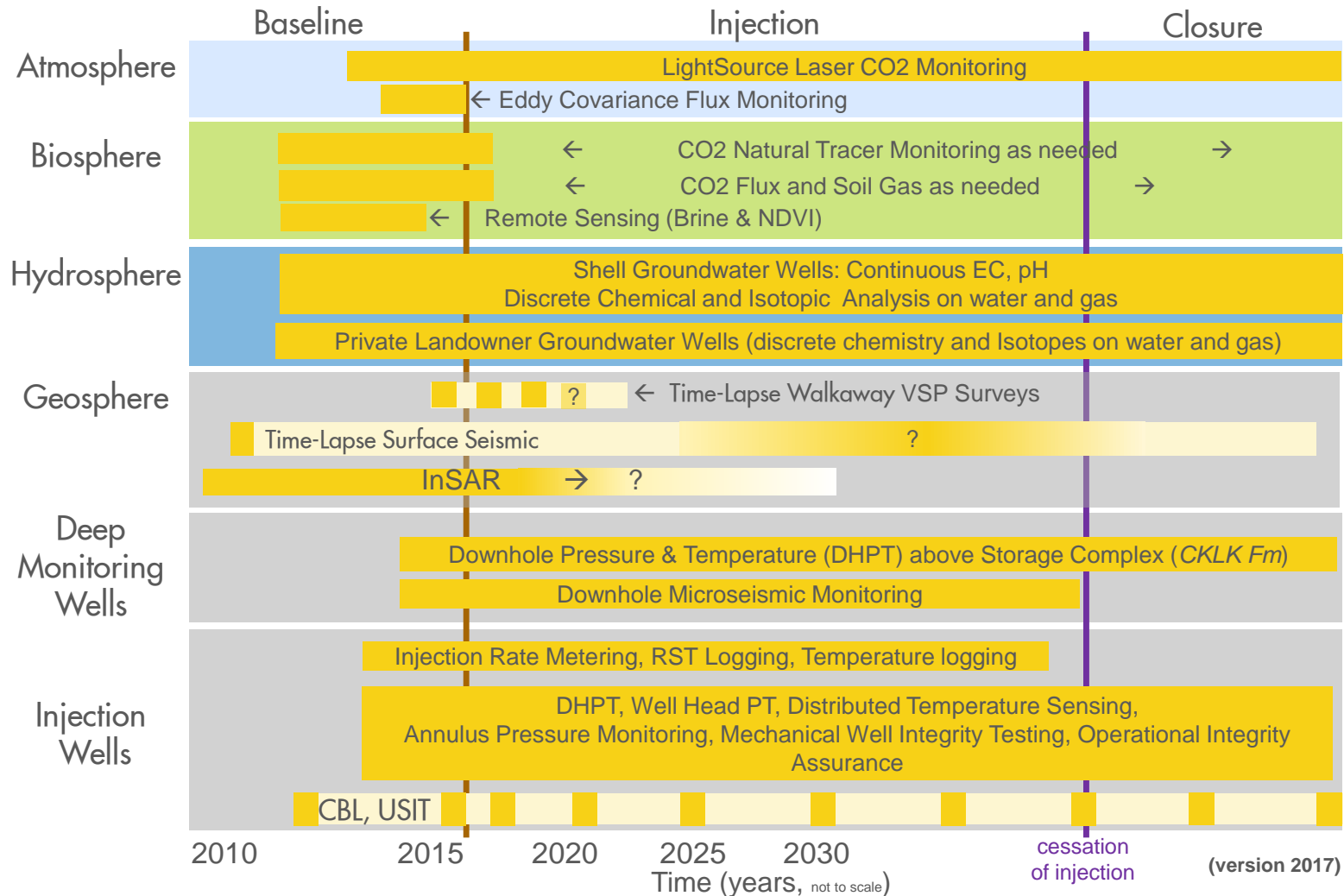
Storage



- 1 Million tonnes per year
- 1/3 of CO₂ from the Upgrader
- 65 km pipeline
- 3 injection wells

- 2km underground

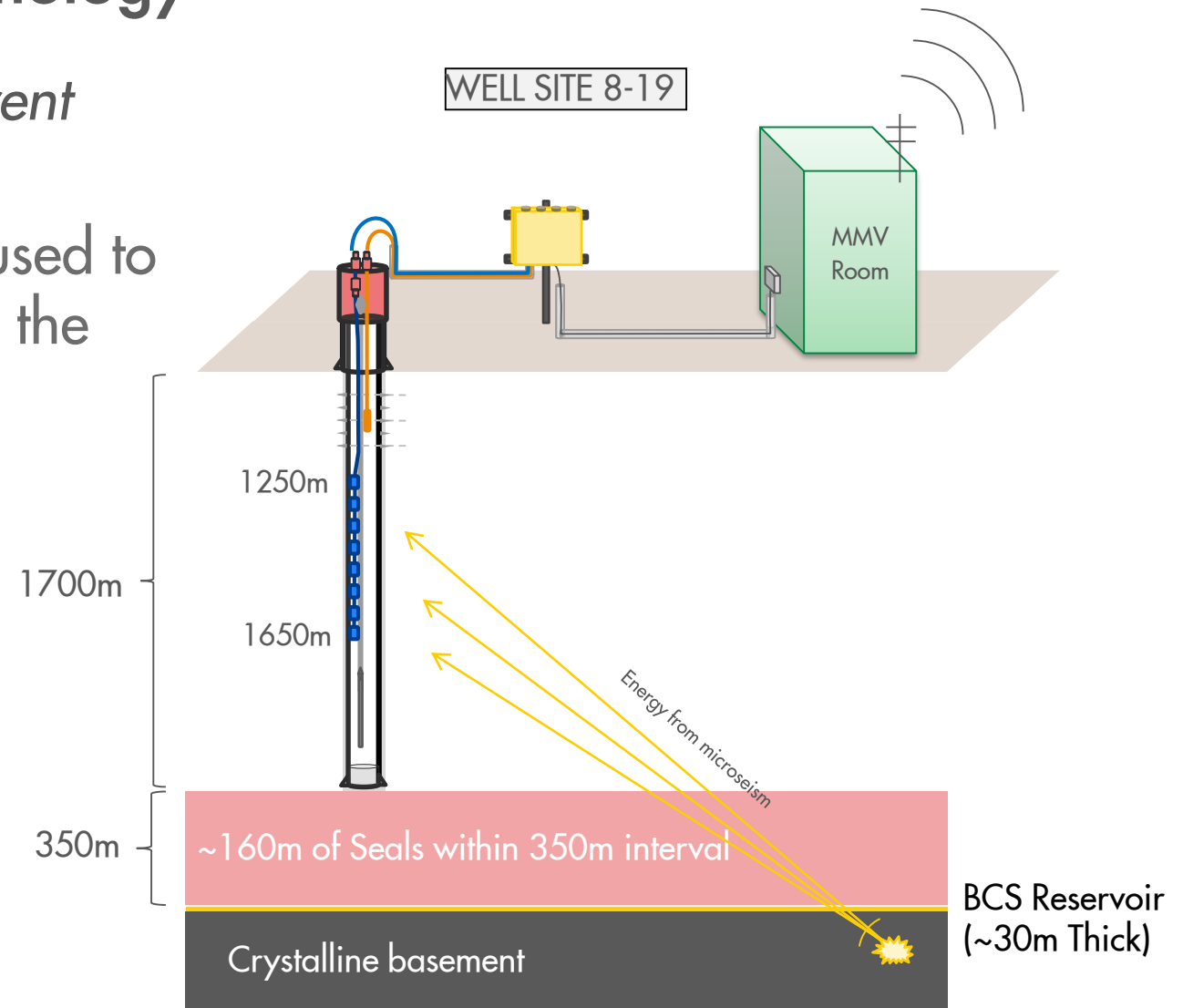
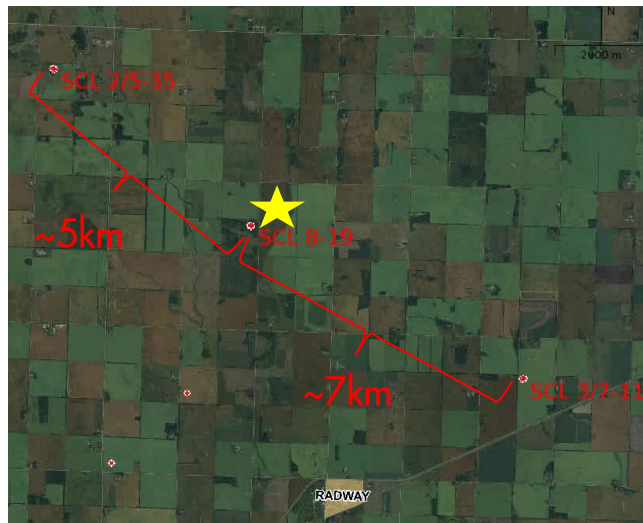
MMV (Measure, Monitor and Verify) Plan



- First of a kind – conservative approach
- Comprehensive: from atmosphere to geosphere
- Risk-based
- Site-specific
- Independently reviewed
- Combination of new and traditional technologies
- Baseline data collected before start-up

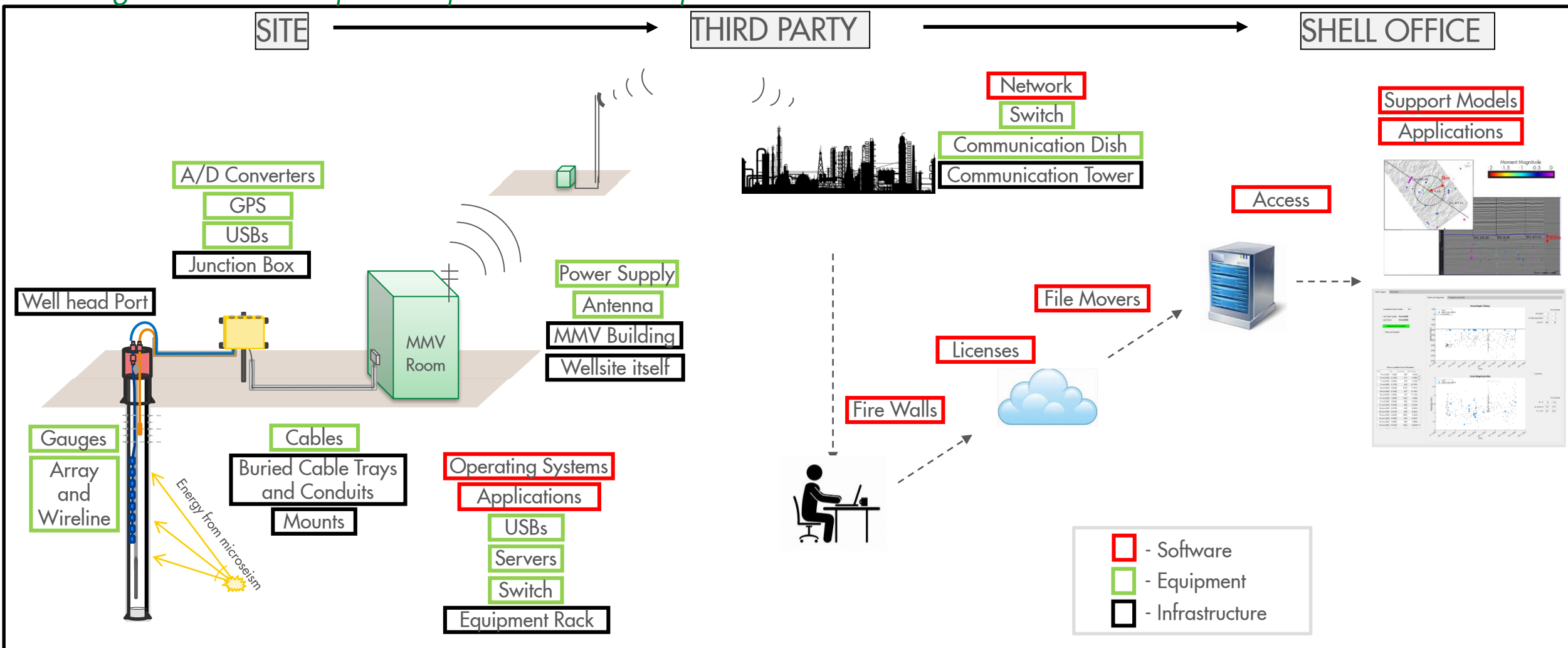
Microseismic as a Containment Technology

- **Ensure Containment** to demonstrate current security of storage
 - A downhole microseismic array is used to monitor microseismic activity within the storage complex
 - TD of well above Seals



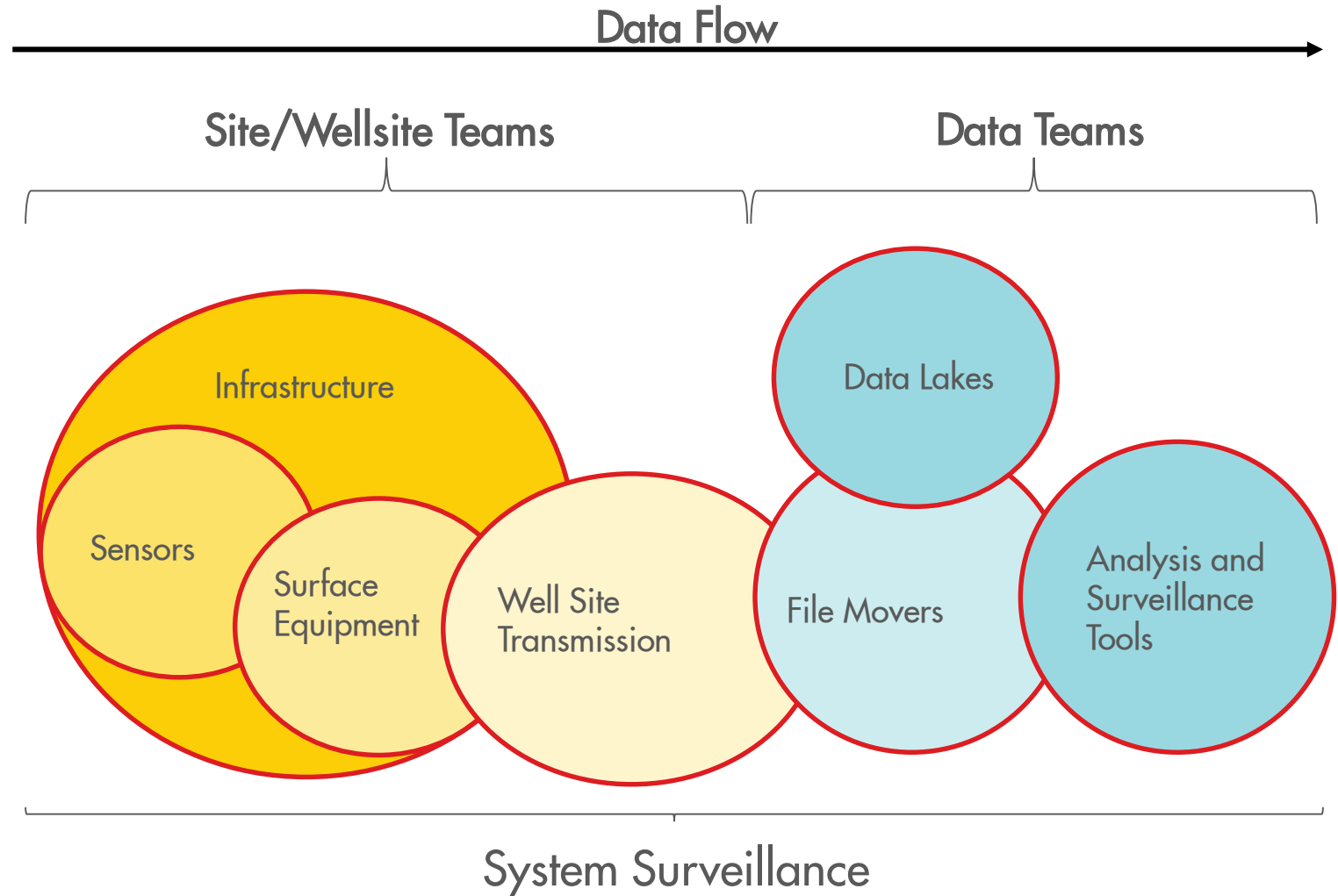
Microseismic Data flow – Detailed

Diving into the details paints a picture of the complete data flow

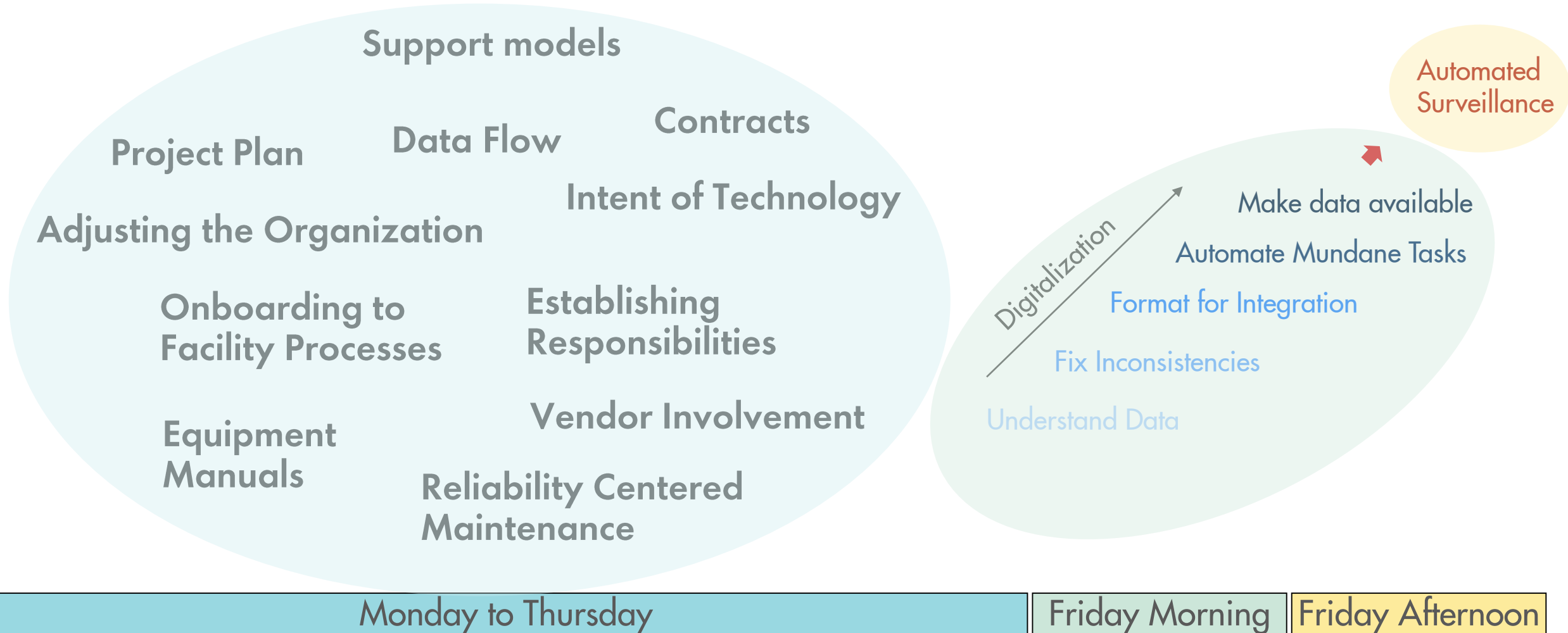


Microseismic Data flow – Categories

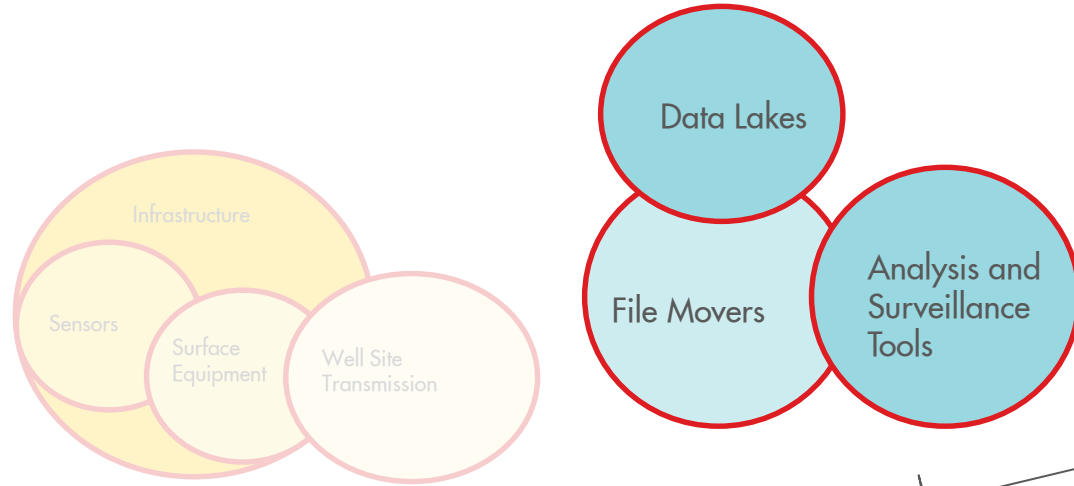
- Create a plan to Implement PTM by Enabling Automated Surveillance which has a system with the architecture and organization in place for:
 - Systematic visualization of Triggers
 - Surveillance of System Health



Learning – Time spent to ENABLE Automated Surveillance

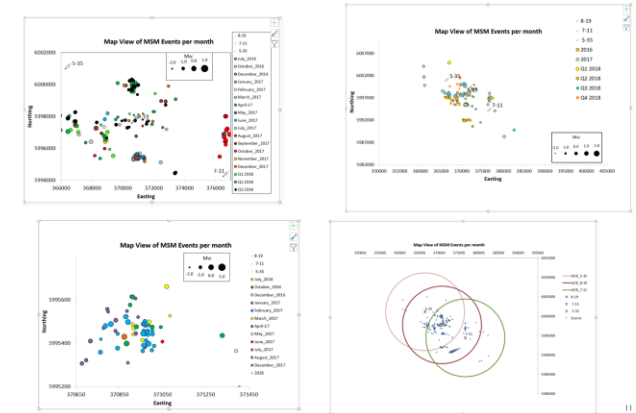


Original System



- Manual data flow from Vendor to User Analysis
- ~30min/day required for surveillance

Manual Figure Update



Attachments

Manual Copy

WARNING: SECURE. This email has come from an external source. Do not click on links or open attachments unless you recognize the sender.
Hello everyone,

There were two regional events detected at 0:32:13, and 14:29:25 at Quest on January 21, 2020.

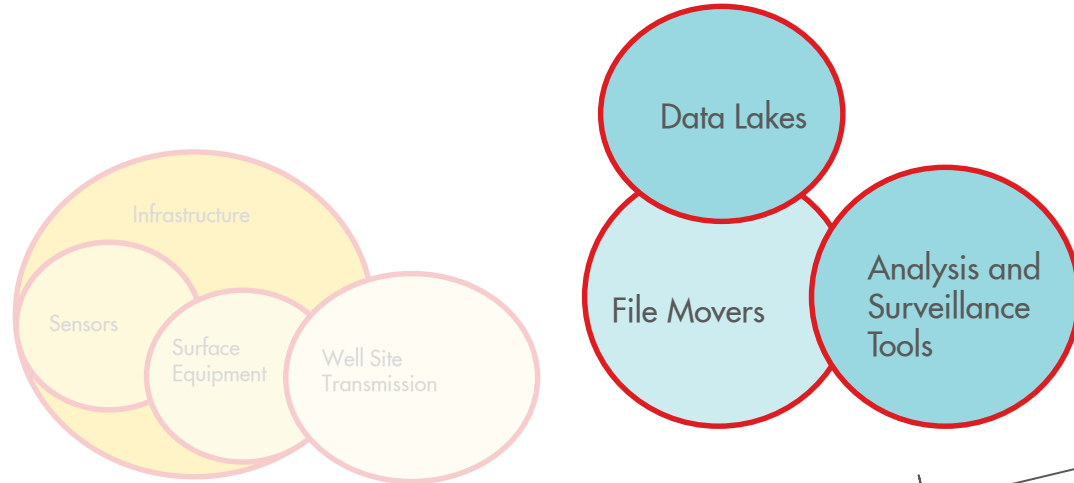
Shell Quest Summary of Microseismic Activity January 21, 2020

Date	# Triggers	# Auto Triggers	# Locatable Events	# Single Phase Events	# Acoustic	# Noise	# Surface	# Chemical	# Regional Events	# Shots/Vibes	# Tot
21 Jan 20	33	24	0	0	1	6	0	0	2	0	33

1	Date (dd/mm/yyyy)	Time (hh:mm:ss)	Northing (m)	Easting (m)	Depth (m)	NN Error (m)	EE Error (m)	DD Error (m)	Average Error (m)	Moment Magnitude	
350	14/12/2019	11:34:02	285	5991810	382172	3172	302	854	219	588	0.1
351	16/12/2019	10:46:13	456	6000129	378762	2019	17	245	92	197	-0.9
352	17/12/2019	11:14:27	980	5998880	372645	2368	130	259	184	-0.7	
356	06/12/2019	10:24:00	826	5992124	374940	1528	17	18	12	16	-0.9
357	06/12/2019	10:05:20	224	5997763	369968	3302	215	240	299	254	-1.1
358	07/01/2020	15:49:23	146	5988206	382254	2876	152	183	147	-0.2	
359	11/01/2020	8:42:37	500	6000491	373888	1587	650	277	204	424	-1.0
360	17/01/2020	13:50:37	886	5998020	370887	2283	215	93	141	158	-1.2
361	17/01/2020	14:23:30	314	5998961	371120	2091	124	207	89	200	-1.3
362	17/01/2020	15:54:42	403	5998224	370959	2248	200	74	77	131	-0.9
363	18/01/2020	20:18:45	894	5998996	370553	2485	235	130	143	176	-1.2
364	18/01/2020	1:38:47	240	5998612	370371	2341	82	75	81	-1.3	

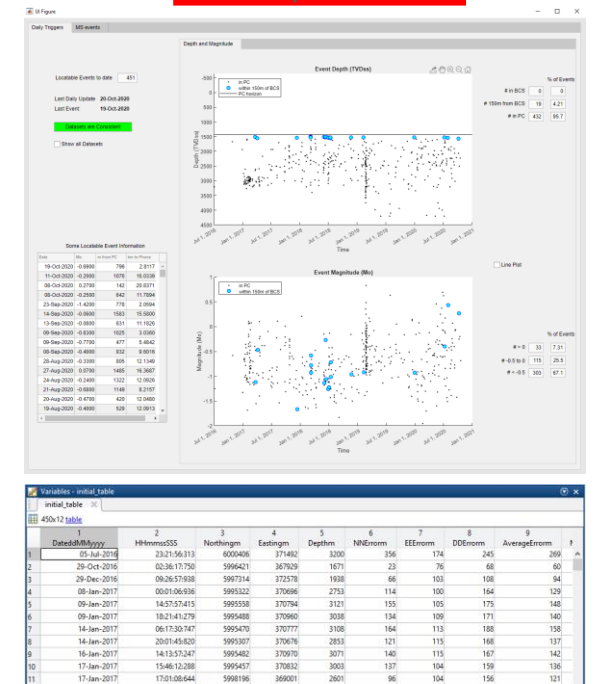
Year	2016	2016	Year	2016	2016	Year	2016	2016	Year	2016	2016						
Date	Time (H:M:S)	MillSec	Northing (m)	Easting (m)	Depth TVDs (m)	NN Error (m)	EE Error (m)	DD Error (m)	Average Error (m)	Moment Magnitude	Distance (m)						
140	135	4	-0.813	88.00	11/03/18	15:03:36	385	5991970	373906	1520	152	96	27	105	-0.8	2.2	5903
141	136	2	-0.788	88.00	11/03/18	15:04:52	968	5991830	373908	1846	159	158	162	159	-0.8	2.2	5927
142	137	10	0.535	88.00	11/03/18	15:04:35	469	5997774	373908	2118	38	78	57	51	-1.5	1.7	1223
143	138	51	0.833	88.00	12/03/18	0:10:11	923	5991861	370788	1625	201	67	93	134	-0.7	2.3	5913
144	139	7	-0.043	88.00	12/03/18	3:11:39	860	5991895	370756	1998	193	93	93	135	-0.6	2.4	5980
145	140	1	0	88.00	12/03/18	22:18:41	902	5991883	370844	1903	145	108	143	143	-0.8	2.2	5988
146	141	7	0	89.00	18/03/18	1:10:58	173	5991883	370630	1403	71	153	270	183	-0.8	2.2	6334

Current System



- Automated data flow from Vendor to User Analysis
- <1min/day required for surveillance

Automated Figure Update

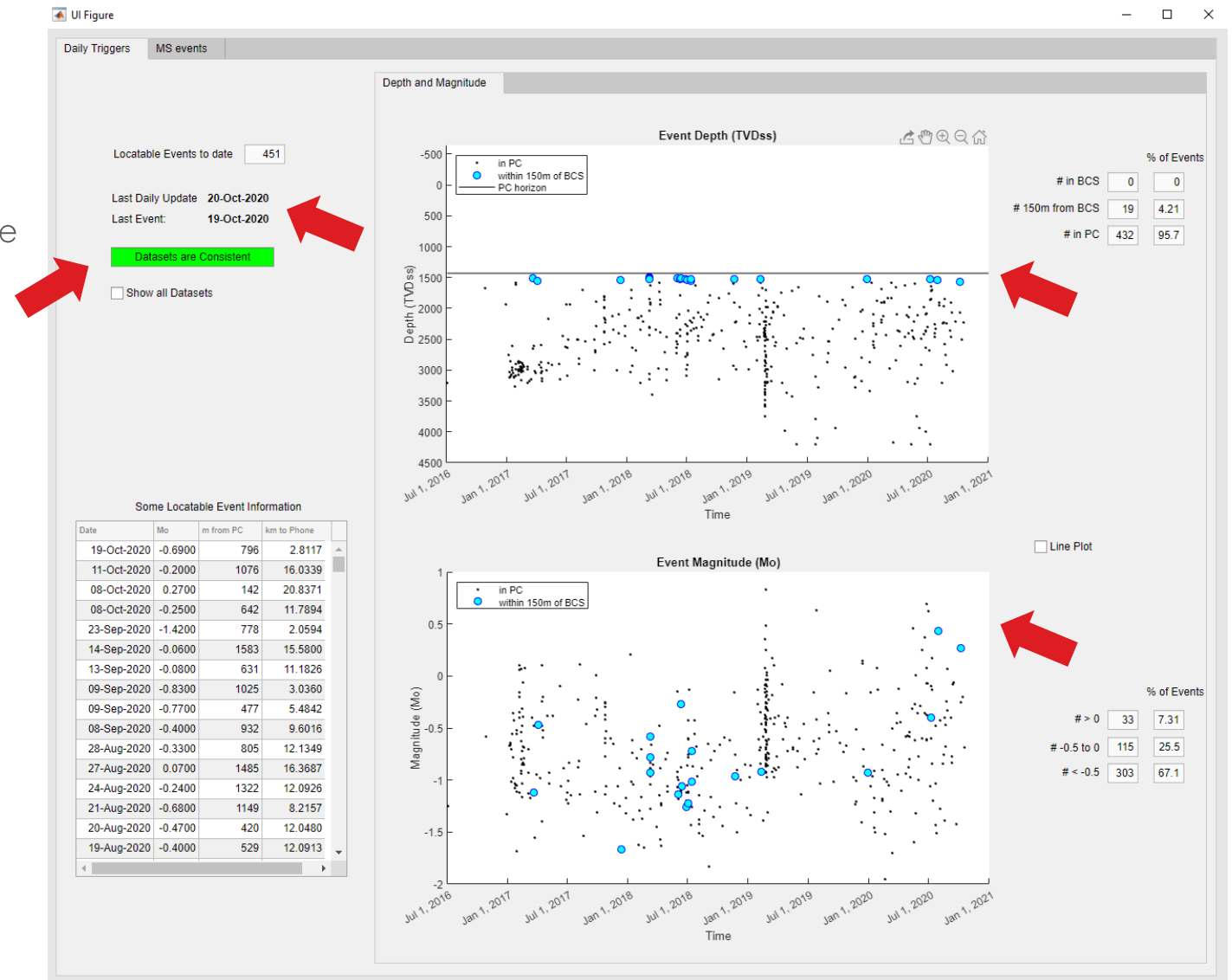


File Movers

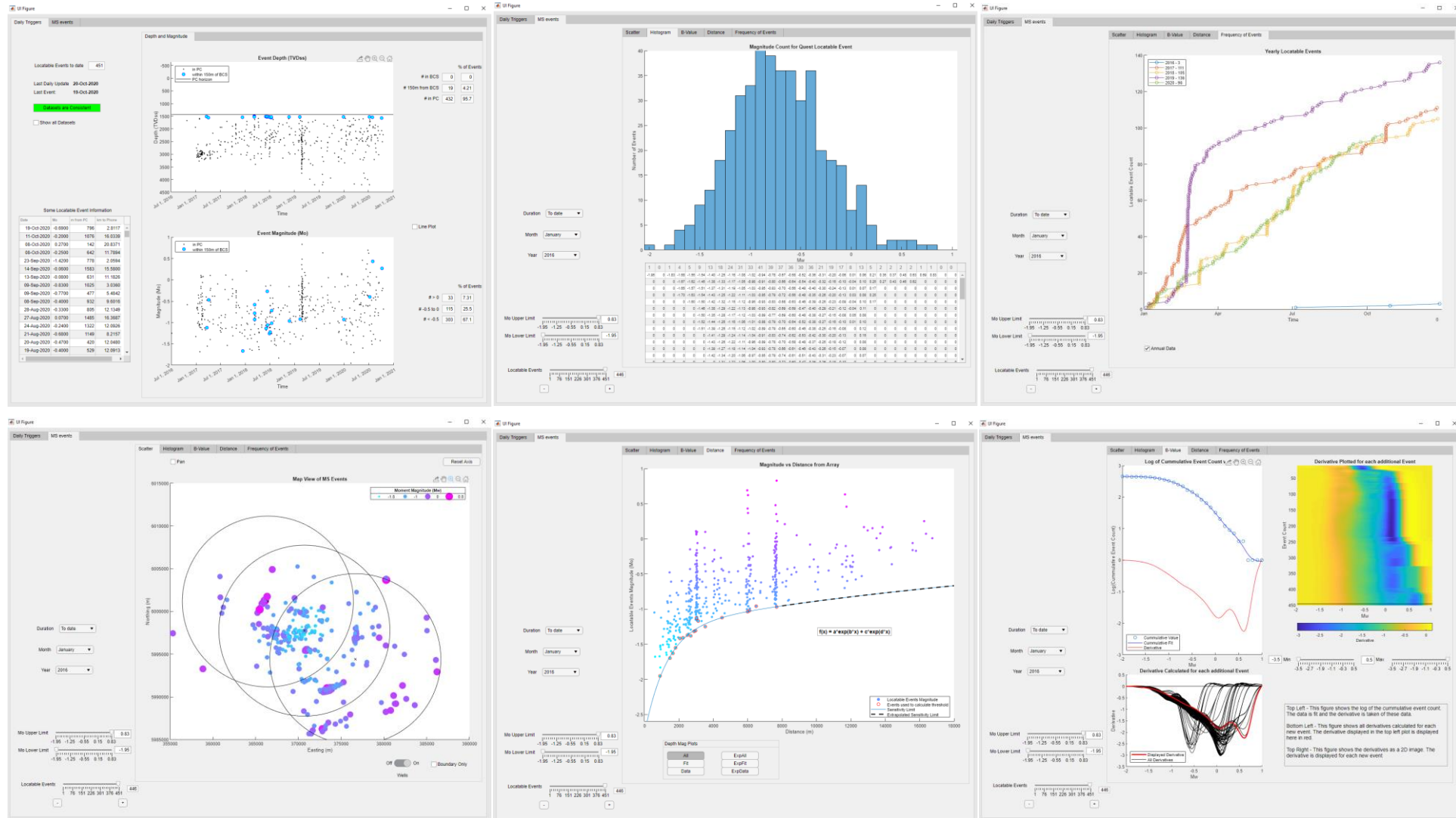
Script

Surveillance Requirements

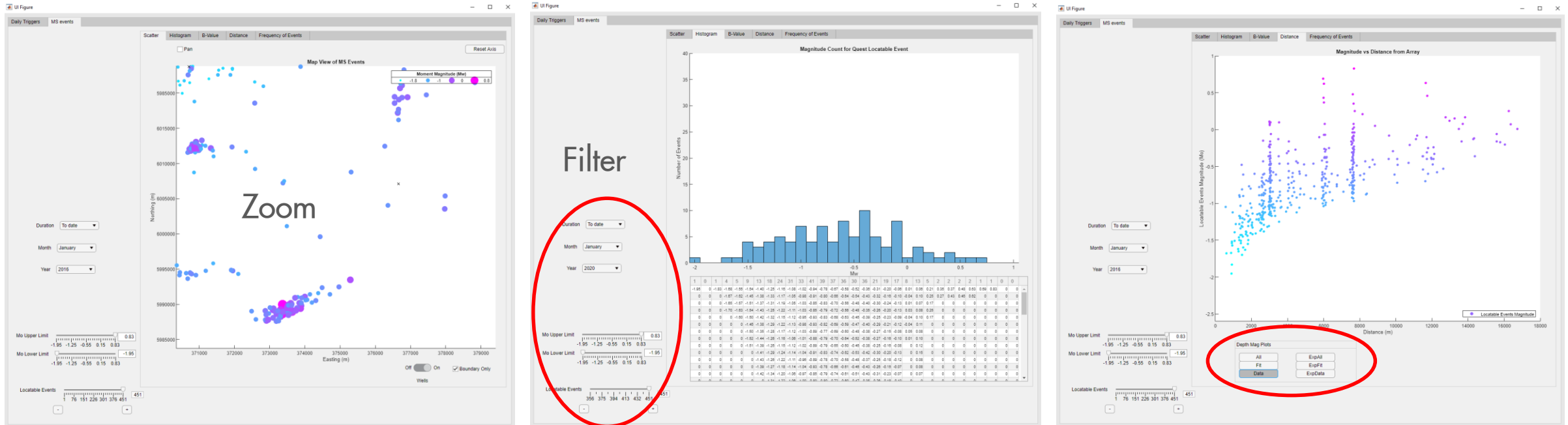
- Key surveillance requirements:
 - Data has been received from the day before
 - Data is consistent
 - Any immediate response required
 - Any trending indicating change over time



Building using tabs



Zoom, Filtering, Figure Selection

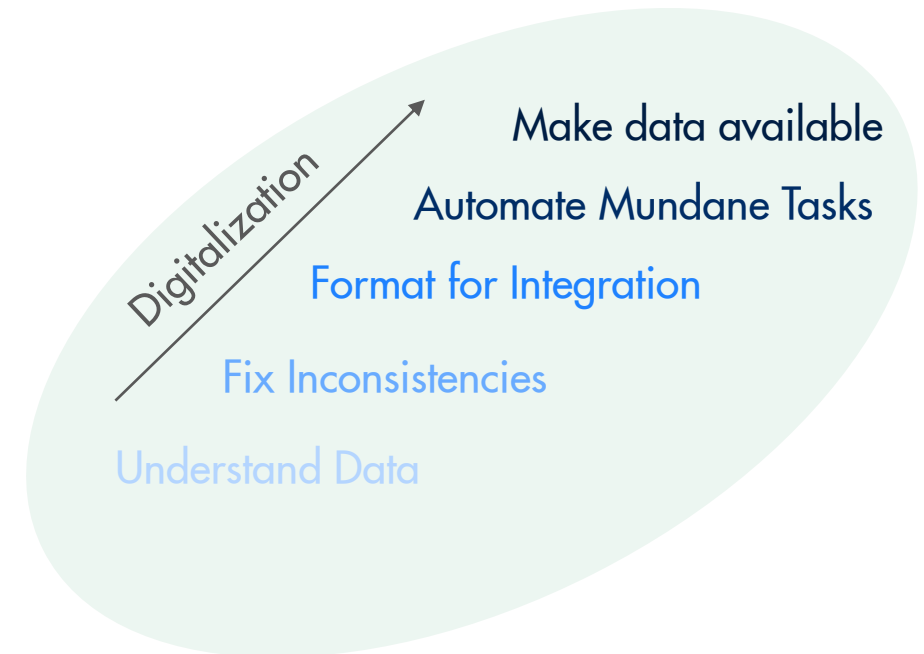


Select Figure

- Ability for user to build customized figures and filters allows for efficient surveillance
- A consistent frame work allows for fast prototyping and continuous improvement

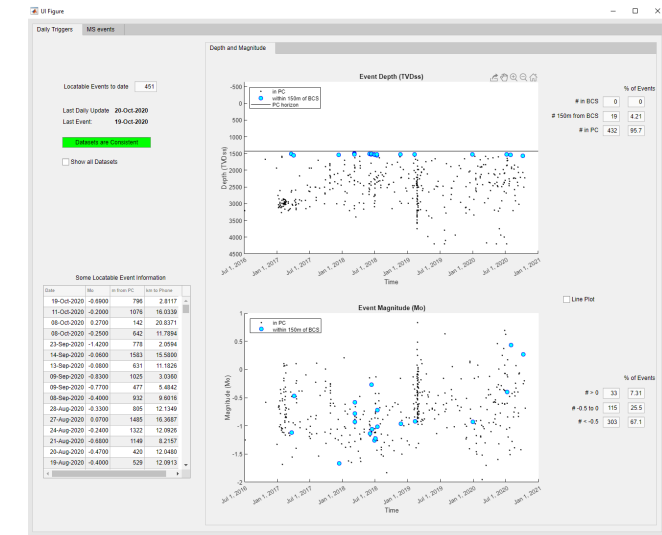
Time Savings

- Key surveillance requirements:
 - Data has been received from the day before
 - Time Saving - We can now quickly establish where the data flow break is and focus there
 - Ex. Email from vendor and data file mover system allows us to eliminate variables
 - Data is consistent
 - Time Saving - We can trust our data is up to date and inconsistencies are flagged
 - Ex. The most recent data file is sent every day, not copied cumulatively. Any formatting or NaNs are flagged and can be immediately fixed rather than compounded
 - Any immediate response required
 - Time Saving - We have established limits for our key surveillance items
 - Ex. Use of traffic light system to monitor allows us to do exception based surveillance for daily checks
 - Any trending indicating change over time
 - Time Saving - We have established templated figures which continue to grow as new data comes in
 - Ex. Using filtering on standard figures, we can quickly check for trends on a longer timescale in the data. The next step is to build limits from these trends

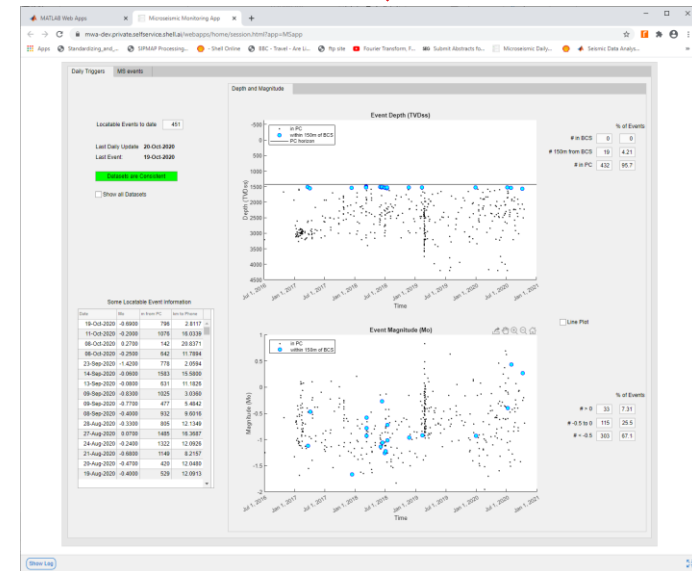


Continuous Improvement

- Appdesigner has been used as an active Surveillance tool for 10 months
- Daily surveillance time has dropped from ~30min/day to <1min/day
- The use of webapp has allowed the desktop application to be made visible to others within Shell, making the data more accessible to experts
- New ideas have formed with internal expert groups on how to integrate data with other technologies as well as get more from these data
- Focus has shifted from maintaining the data flow to generating value from the data
- Ease of access to data and shift of focus away from mundane tasks has stimulated data sharing with multiple external consortiums as well as internal experts



Desktop



WebApp

Summary

- To get CCS to the gigaton scale, we need more projects which are cheaper and efficient
- Implementing PTM is an efficient way to operate the MMV plan by reducing time and cost as well as building knowledge
- Automated surveillance has played a key part in implementing efficient PTM at Quest
- Digitalization of the microseismic data flow and the use of the MATLAB AppDesigner has substantially contributed to time savings in daily surveillance from ~30min/day to <1min/day
- As the dataset grows larger, the need to automate mundane tasks has also grown. The use of a highly flexible graphical interface has allowed for quick verification of data transfer, readily available analysis and user prototyping. Time previously spent on mundane tasks is now spent on continuous improvement which is driving creativity, collaboration and integrated analysis.

Finally, visualization and self-service analytics tools are encouraging greater uptake of data science capabilities within the organization. This is enabling the operation of an efficient MMV plan at Quest and will continue to be a key factor as we scale to Gigaton CCS

Acknowledgements

- Joint Venture partners Canadian Natural Upgrading Ltd, Chevron Canada, and 1745844 Alberta Ltd.
- Government of Alberta, Department of Energy (DOE)
- Government of Canada, Natural Resources Canada (NRCan)
- Numerous Shell staff in Calgary, Houston, EU and in the field
- 3rd Party Contractors
- MathWorks

