



February 23, 2015

Pierre River Mine Project - Joint Review Panel
Canadian Environmental Assessment Agency
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Attention: Mr. Alex Bolton – Joint Review Panel Chairman

**RE: Notice of Withdrawal of the Pierre River Mine Project Applications
Canadian Environmental Assessment Registry No. 59539**

Dear Mr. Bolton:

This letter is to advise the Joint Review Panel (“JRP”) established for the Pierre River Mine (“PRM”) project that Shell Canada Energy (“Shell”) has decided to formally withdraw its PRM project applications from the federal environmental assessment process currently being conducted pursuant to the *Canadian Environmental Assessment Act, 2012*, as well as the provincial review processes administered by the Alberta Energy Regulator.

On February 11, 2014, Shell requested from the JRP a one-year delay in the federal environmental assessment process for the PRM project in order to allow Shell to re-evaluate the project development timeline, and amend the environmental impact assessment as appropriate. Shell committed to provide its updated development timeline within one year of Shell’s request to the JRP.

On February 13, 2014 the JRP granted Shell’s request for a delay, and directed Shell to submit quarterly updates to the JRP which were provided to the JRP on May 13, 2014; August 13, 2014; and November 13, 2014. The JRP also indicated that it required further information to conduct its review, and on March 18, 2014, the JRP issued 26 supplemental information requests (“SIRs”) to Shell.

Since initially requesting a delay in the environmental assessment process, Shell has undertaken work in several different areas with the intention of advancing the PRM project, which has included:

- additional environmental field work in 2014;
- re-evaluation of the project development timeline;
- review of the SIRs issued by the JRP;

- revision of the mine plan to incorporate oil sands leases 14 and 352, as well as an alternative external tailings facility location; and
- collaborations with government and Aboriginal groups on the methods to be applied with regard to regional study area sizing, and assessing potential project effects to Aboriginal culture and heritage.

In parallel to the progress that was being made on the items listed above, Shell also undertook an internal assessment that considered how it would develop PRM while maintaining a competitive business and ensuring successful delivery of existing operations and near-term growth projects. Based on this assessment, Shell concluded that it would not reasonably pursue development of PRM in a timeframe or manner that is contemplated in the current applications. In addition, due to the time that has elapsed since 2007, Shell believes the amount of additional technical and environmental work that is required to revise the current PRM application is significant. For the foregoing reasons, Shell has elected to withdraw the current PRM applications.

Notwithstanding this decision, it is important to recognize that the oil sands, including PRM, remain a long-term strategic growth opportunity in Royal Dutch Shell's global portfolio. Shell may consider proceeding with a new application for the PRM project at a future date.

If you have any questions or concerns regarding this letter, please do not hesitate to contact Andrew Rosser <contact information removed>.

Yours truly,

<original signed by>

Andrew Rosser
VP, Heavy Oil Sustainable Development and Regulatory
Shell Canada Energy

cc: Jill Adams, JRP Secretariat
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