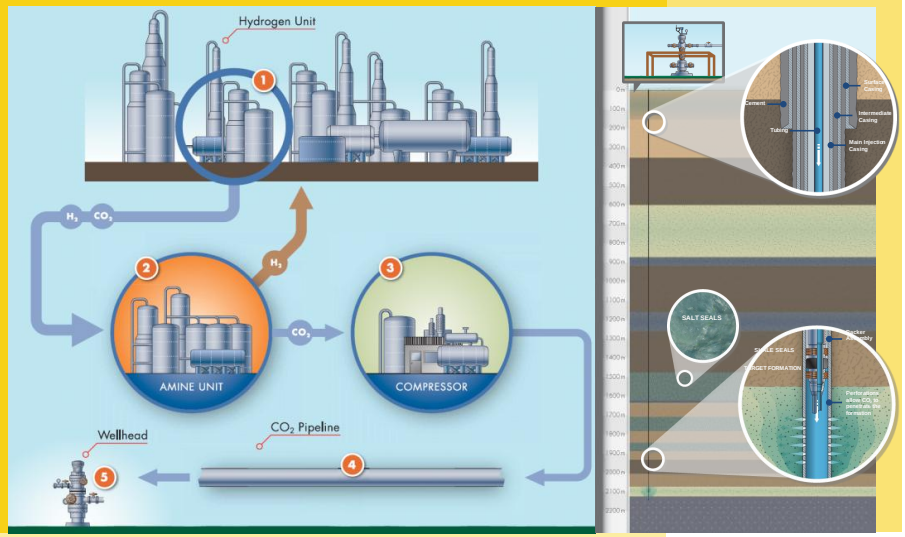
QUEST CCS PROJECT

CSLF Workshop

Strategies and Technologies for Carbon Capture Cost Reduction

Bergen, June 2012



Chevron

Marathon Oil

Len Heckel – Quest Business Opportunity Manager

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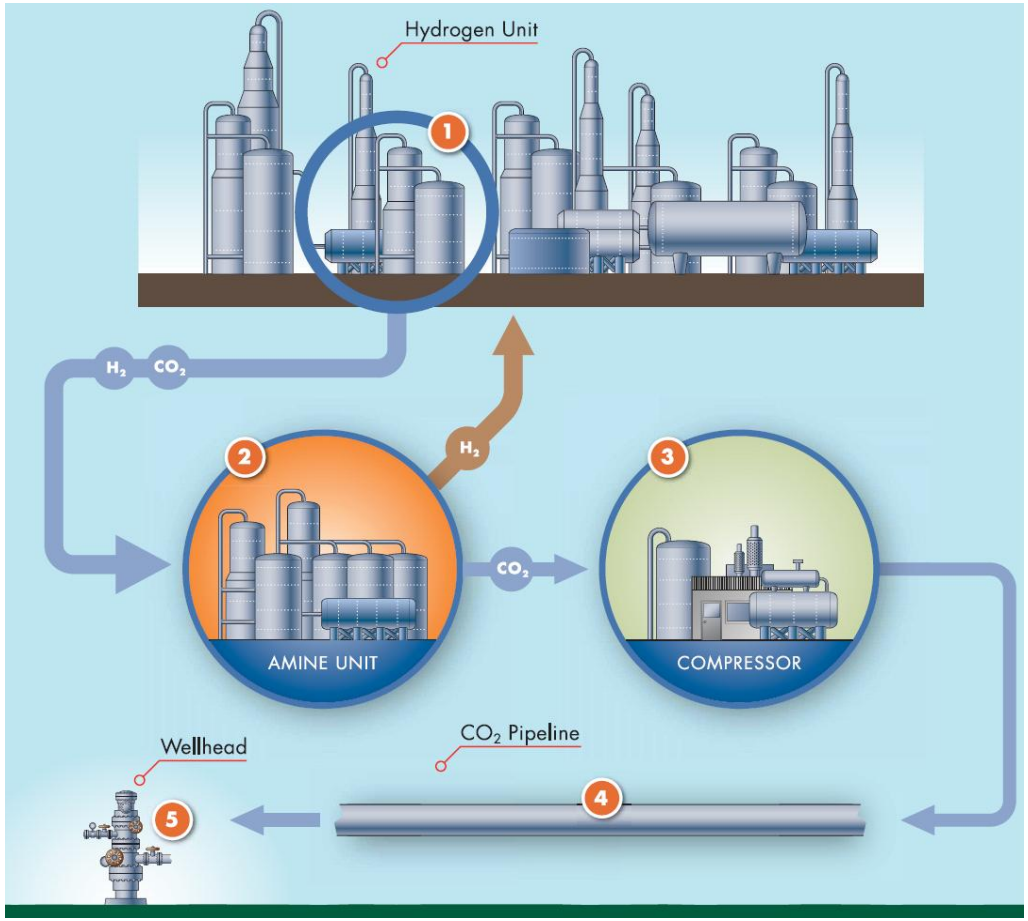
Quest Overview - Location

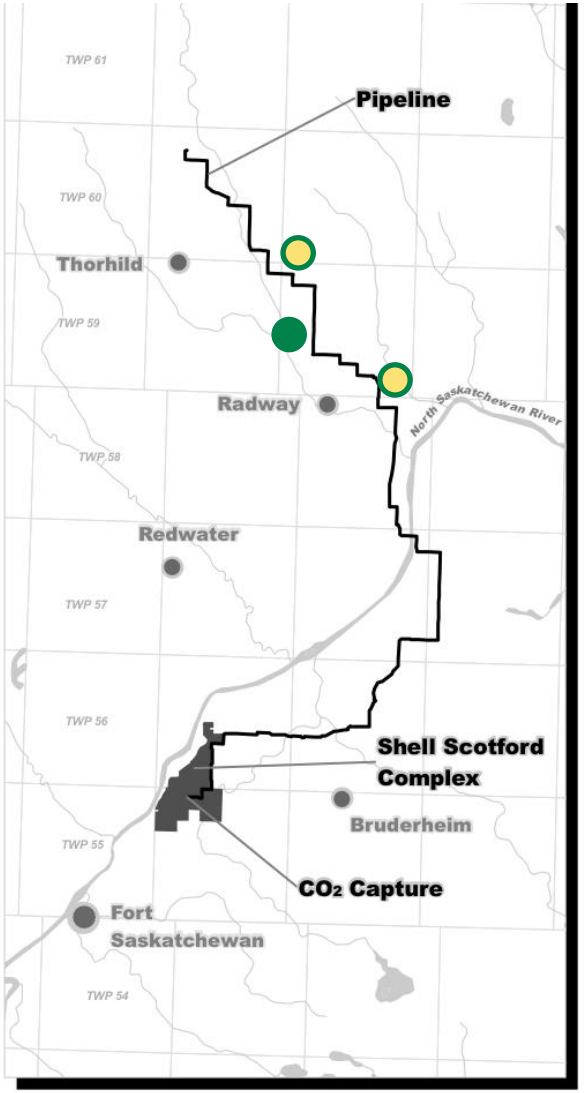
Quest Overview – General Features

- Quest CCS Project - fully integrated CCS (capture, transport & storage)
- JV among Shell (60%); Chevron (20%); and Marathon (20%)
- Located at Scotford Upgrader Complex
- 35% reduction of Upgrader CO_2 emissions
- Uses existing technology
- Capacity to capture over one million tonnes of CO_2 per year for 25 years
- Equiv to emissions from175,000 cars



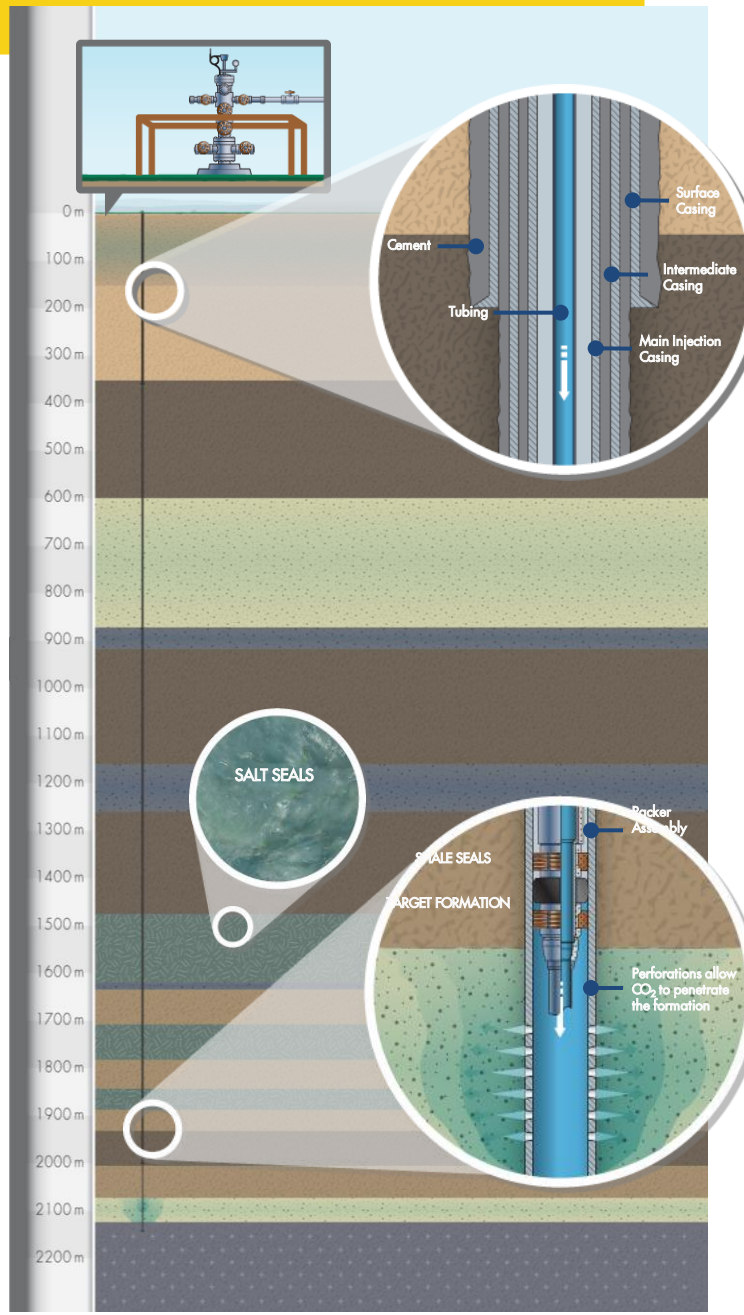
Quest Overview – Hardware

- Quest CCS Project CO_2 capture plant located in Fort Saskatchewan, approx 50 km N.E. of Edmonton, Alberta
- Capture at the Scotford Upgrader from 3 Hydrogen Units (SMR), Amine system ADIP-X
- CO_2 transported by 12 inch pipeline to storage
- The pipeline will travel approx. 65 km north of the Scotford Upgrader to the chosen injection locations
- 3 injection wells

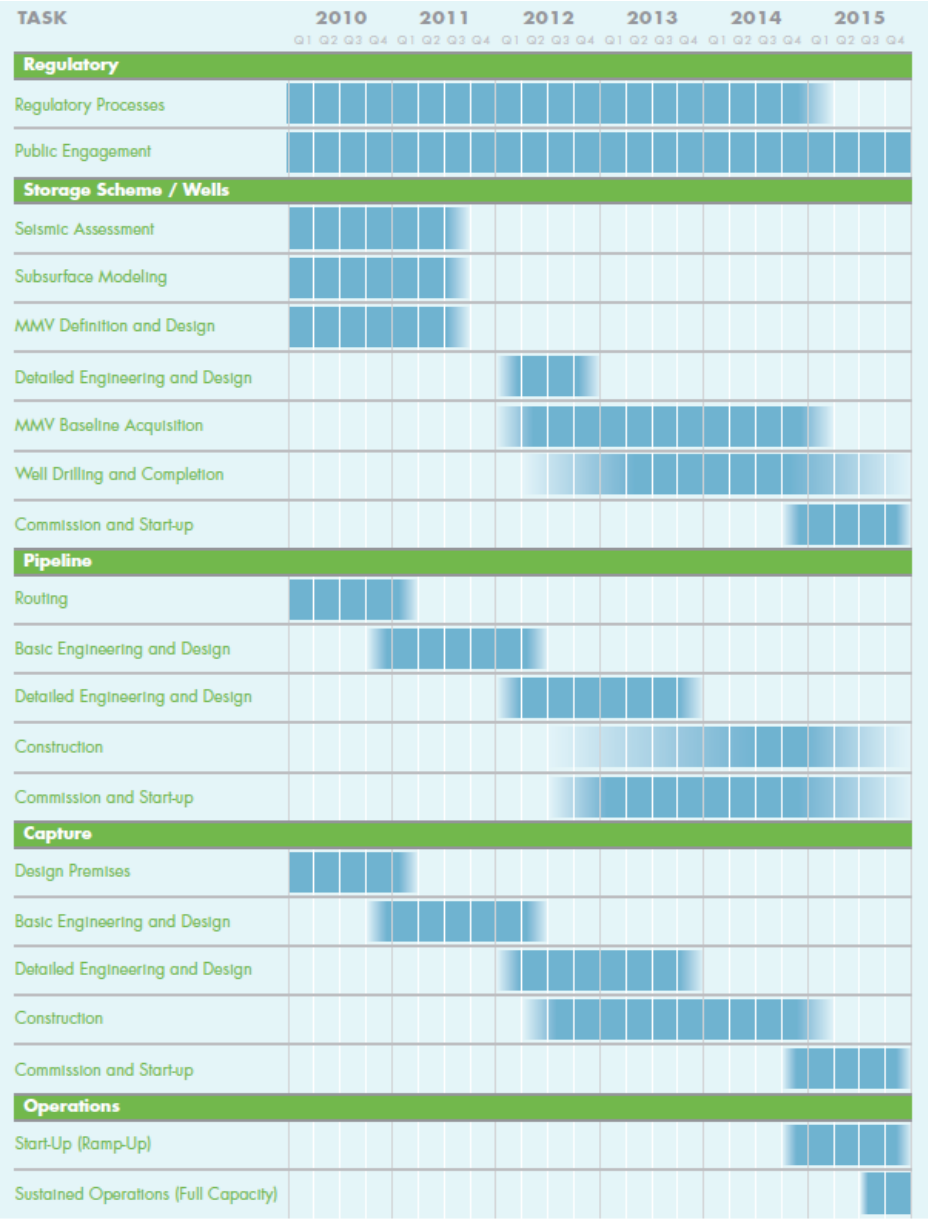


Quest Overview – Storage

- Saline aquifer storage
- Basal Cambrian Sands (BCS) selected
  - Storage zone is a formation called Basal Cambrian Sands (BCS) 2,300 m, Prairies deepest sandstone
  - Multiple caprock and salt seal layers, no significant faulting visible from wells or seismic
  - The BCS is well below hydrocarbon bearing formations and potable water zones in the region
  - Relatively few wells drilled into the BCS, none within 10 km of the proposed storage site
- Wells and Drilling
  - 3 well plan, 5 more if required
  - Conventional drilling methods
  - Multiple steel casings for wells, 3 in freshwater zone, all cemented to surface

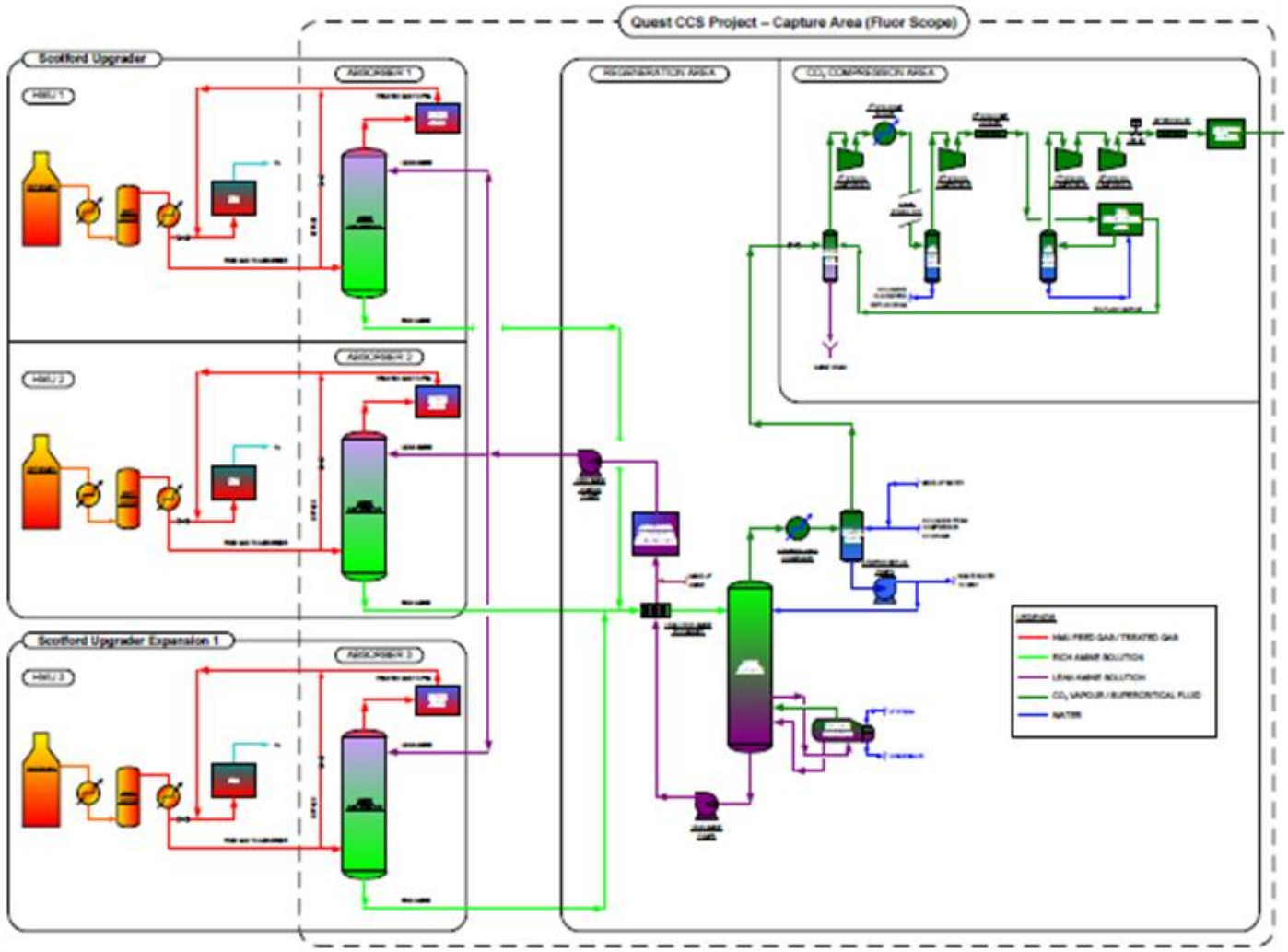


Quest Overview - Timeline



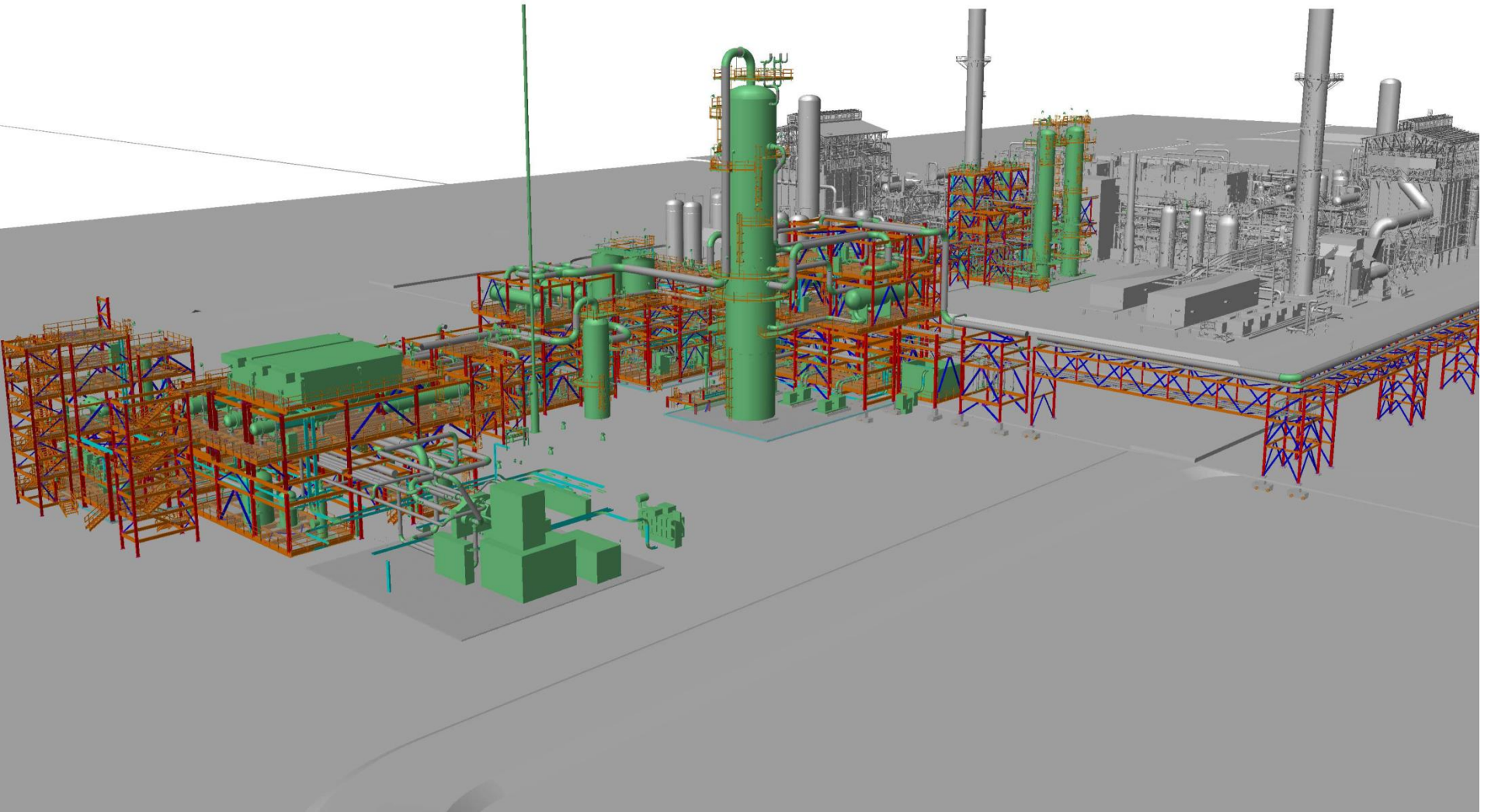
- Regulatory Hearing March 2012
  - Approvals expected June 2012
- FID planned Q3 2012
- Well Program Q4 2012
  - 2 additional injection wells
  - Associated deep monitoring and groundwater wells
- Capture & Pipeline in Execute phase
  - Capture at 30% model review stage
  - Early construction Q2 2012
  - Capture construction start end 2012, pipeline Q3 2013
- Operations Handover Q2 2015
  - Full production Q3 2015

Quest Capture Process Design



- Shell ADIP-X Amine process (99%+ pure CO2),1.2 MTPa capacity
- Mutlistage centrifugal compressor to 8.5 Mpa (supercritical state)
- TEG dehydration unit

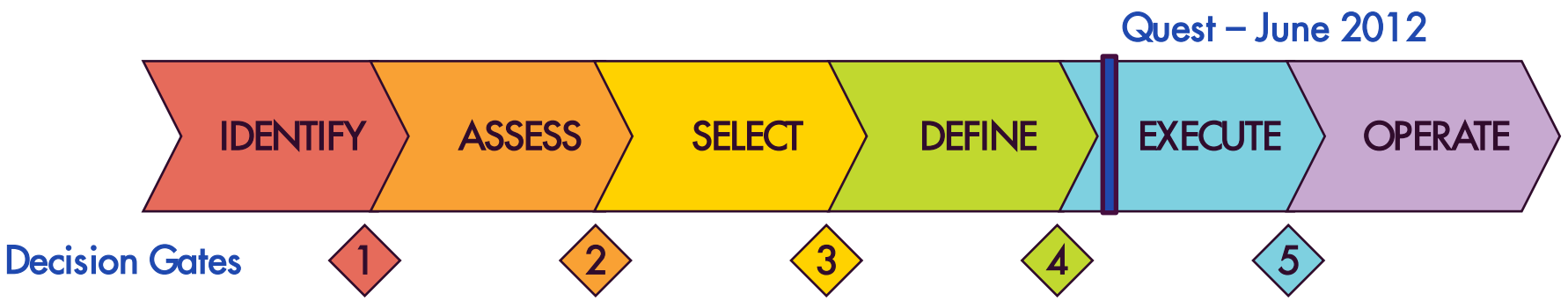
Capture 3D Model – HMU 1&2



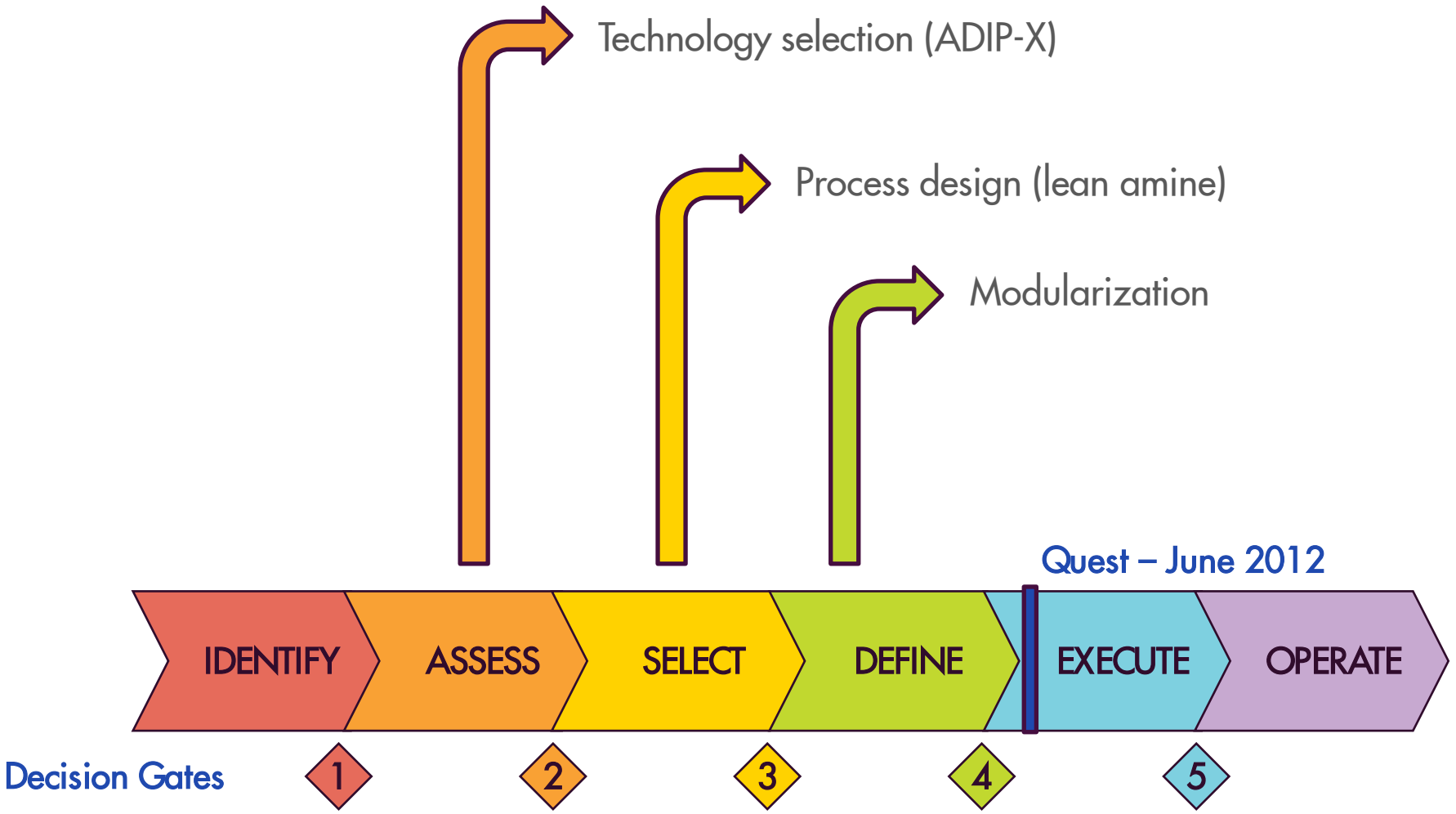
Capture cost savings concepts

- Integration with base facility (upgrader SMR and cogen) in technology selection
- Process simplification
- Constructability
- Physicality (plot plan spacing)
- Utilities integration

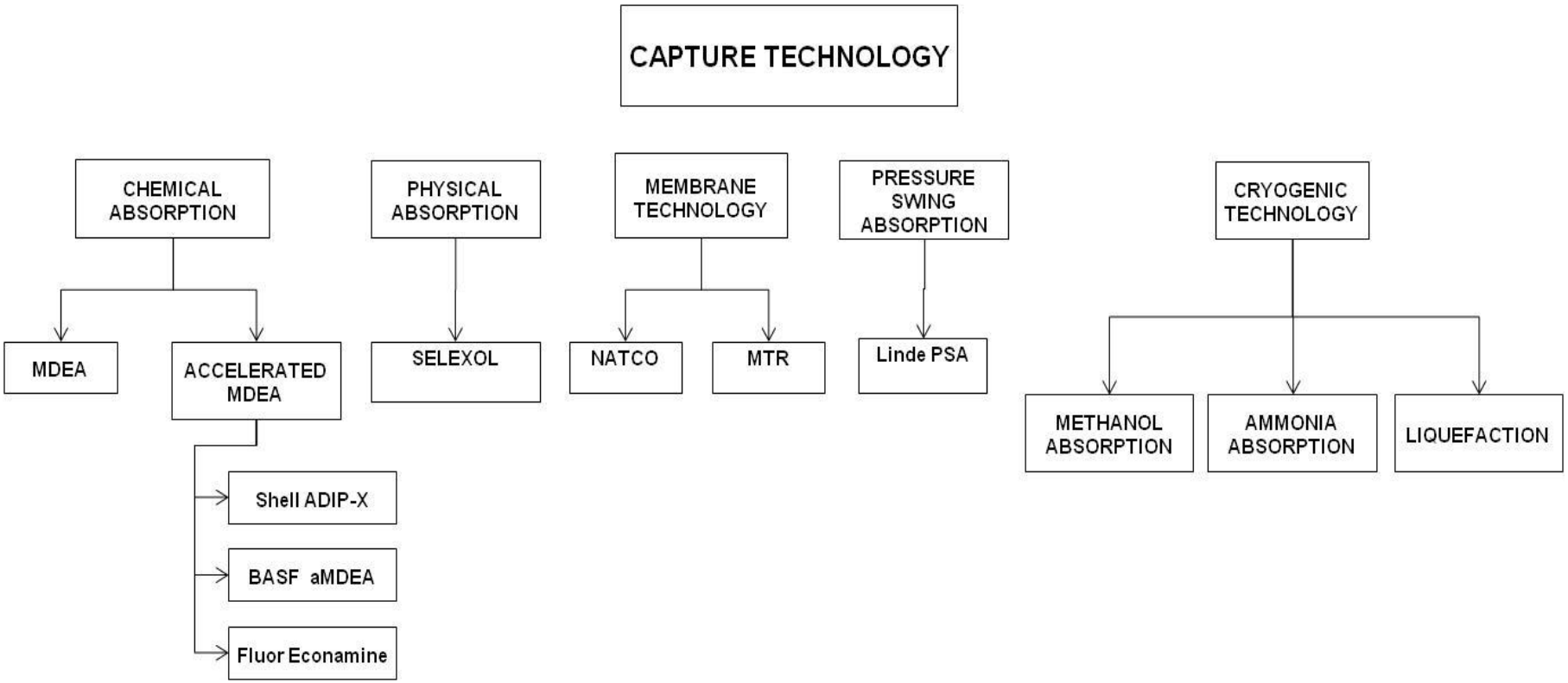
Capture cost initiatives during project lifecycle



Capture cost initiatives during project lifecycle



Technology Selection

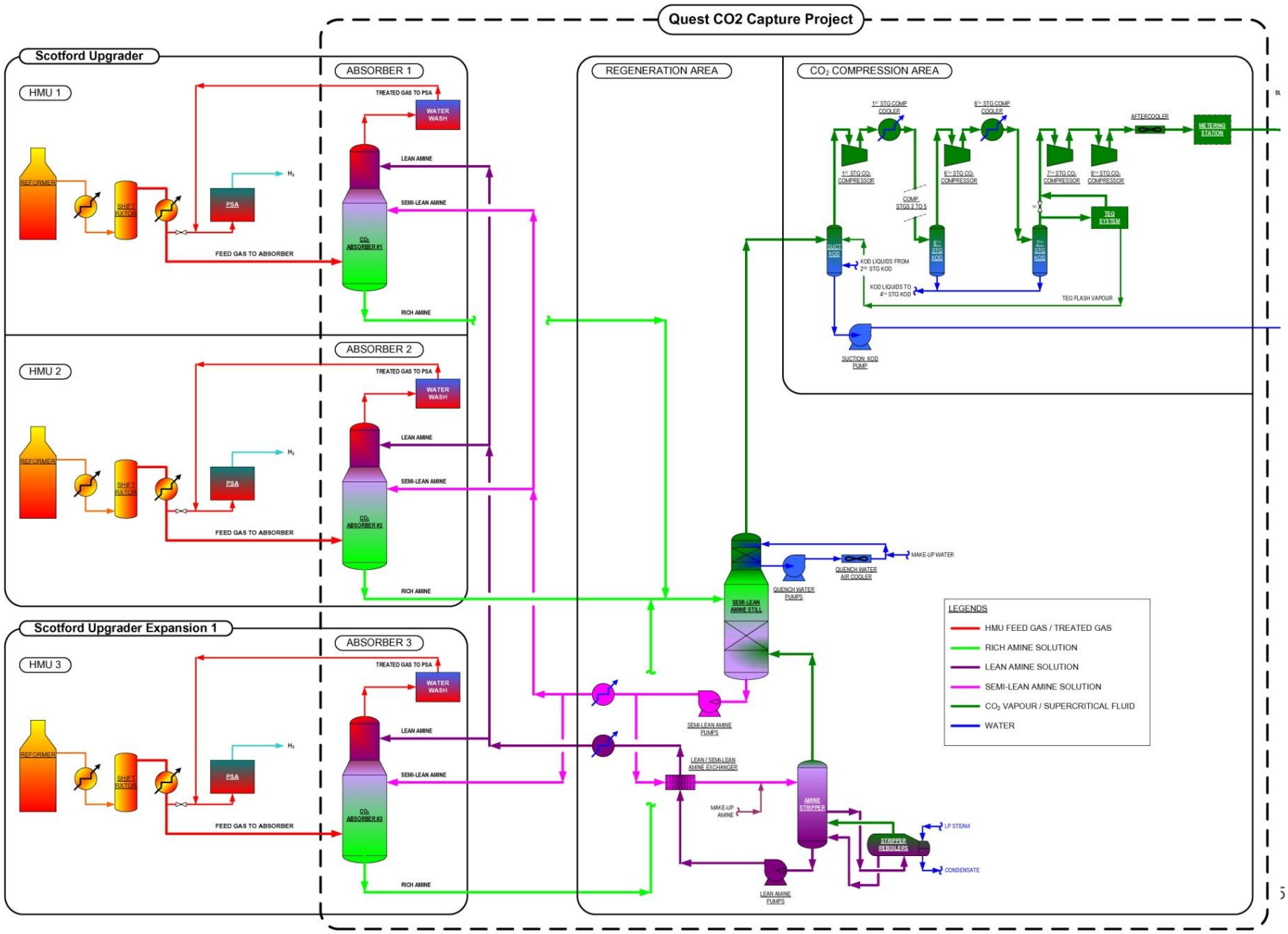


Technology Selection

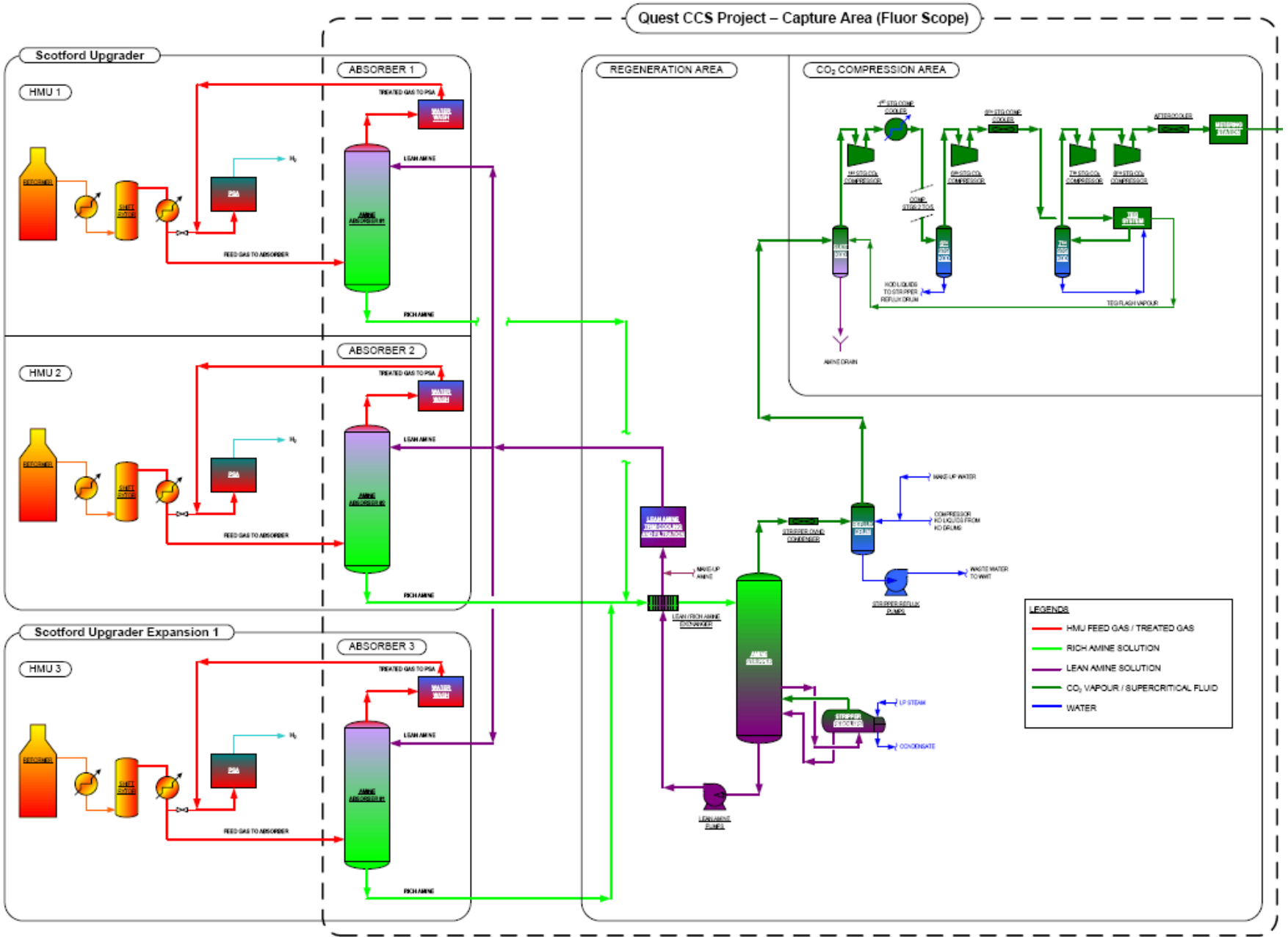
CRITERIA	ADIP-X	MDEA	PHYSICAL ADSORPTION SELEXOL	MEMBRANE TECHNOLOGY	LINDE PSA	METHANOL ABSRPN	AMMONIA ABSRPN	LIQUE-FACTION
HSE RISKS								
CAPEX								
OPEX								
IMPACT ON HMU Reliability								
COMMERCIAL								
CONSTRUCTABILITY								

- Risk-based evaluation using key criteria to achieve lifecycle cost reduction

Process Design – Start of Select (Semi-Lean system)



Process Design – End of Select (Lean system)



Lean system SWOT analysis

Strengths

- Lean Amine process much simpler to operate.
- Site integration-substantial savings Capex /Opex.
- Equipment count and sizing reduced
- Constructability improved
- Unit now out of novelty range

Weakness

- Higher steam consumption.
- Bigger reboiler and O/H condenser

Opportunities Captured in PRE-FEED

- Improved steam integration - key factor in lean amine selection.
- Better CW Integration
- Low pressure steam and Cooling Water diverted to Quest

Threats

- Entirely dependent on Cogen and baseplant utilities

Capture Modularization

- Modularization Benefits
  - Smaller individual scope (efficiency, cost)
  - Labour pool management
  - Reduced on-site work in an operating facility

- Modularization Risks (Planned Mitigations)
  - High integration focus required (Integration Coordinator, ongoing group communication)
  - Reliance on more third parties (High involvement from Shell for early warning signs)