

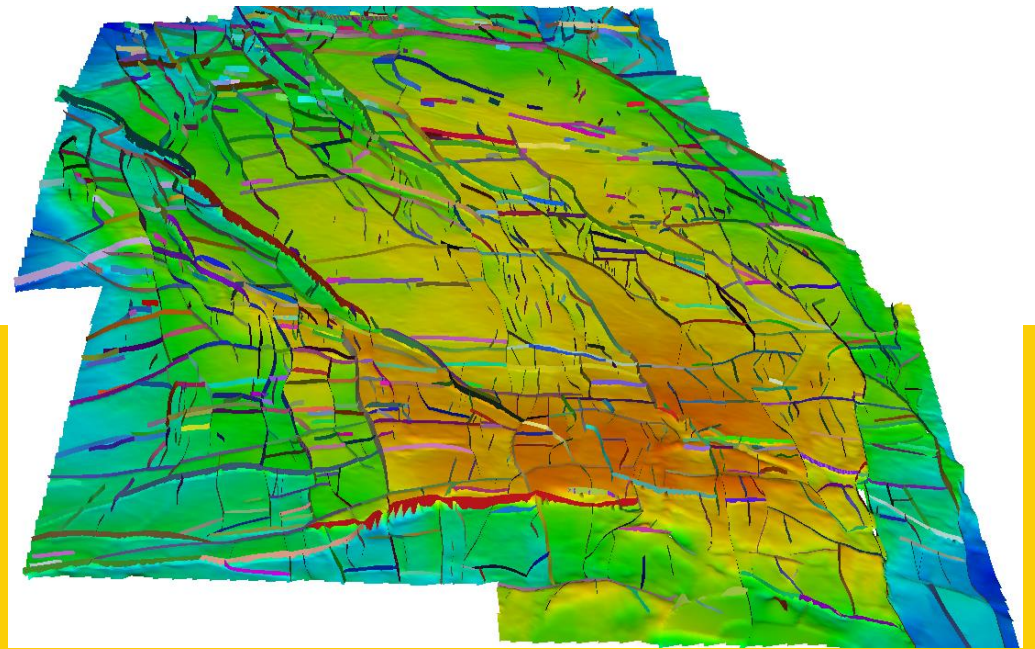


An analytical approach to fault rupturing in depleting gas reservoirs

With application to the Groningen field
The Netherlands

Peter van den Bogert

with contributions from many colleagues in NAM and Shell
Shell Global Solutions International B.V.



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 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 [report], 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; and (m) 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 [report] 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 20-F for the year ended December 31, 2017 (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, May 30, 2018. 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.

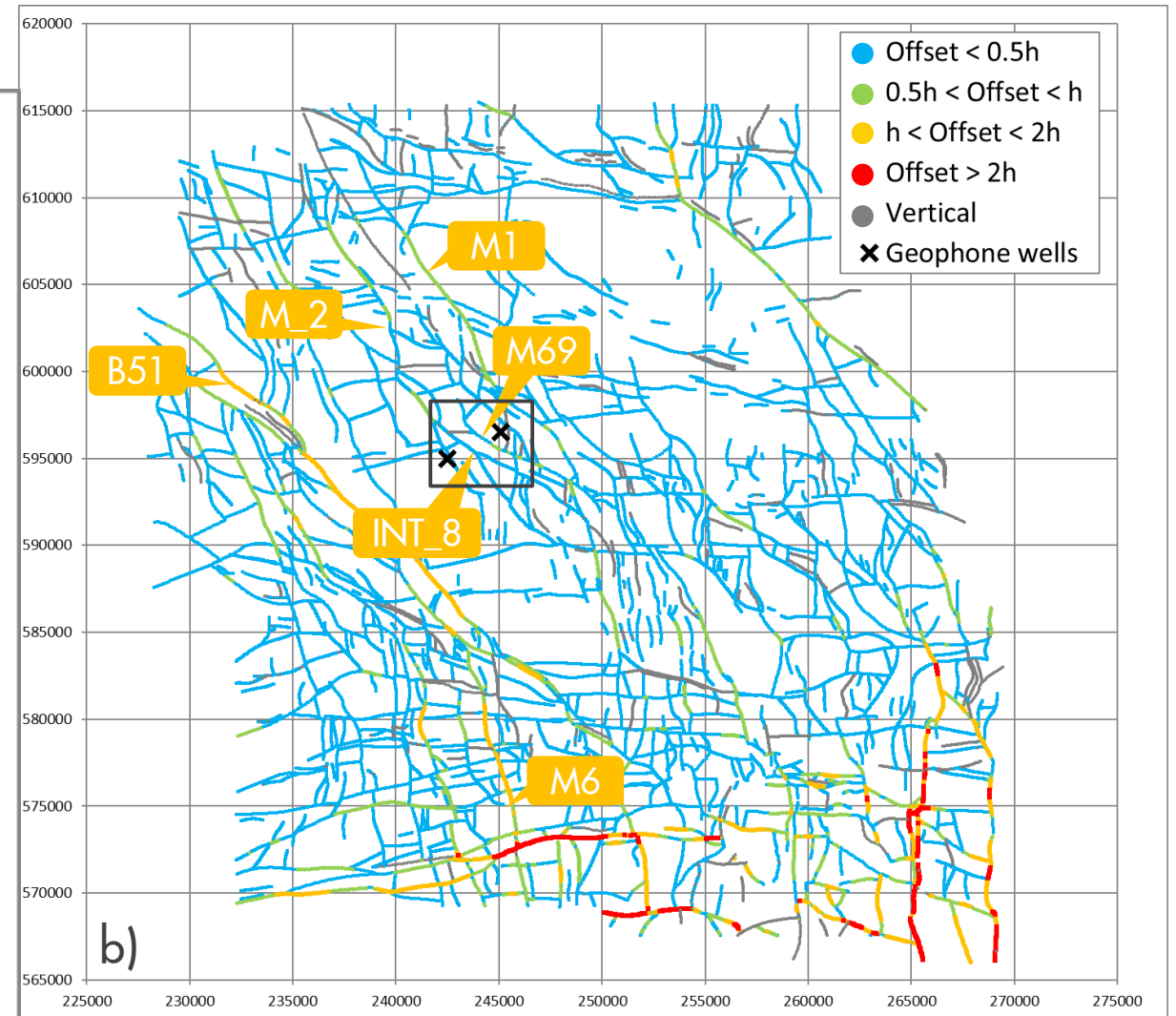
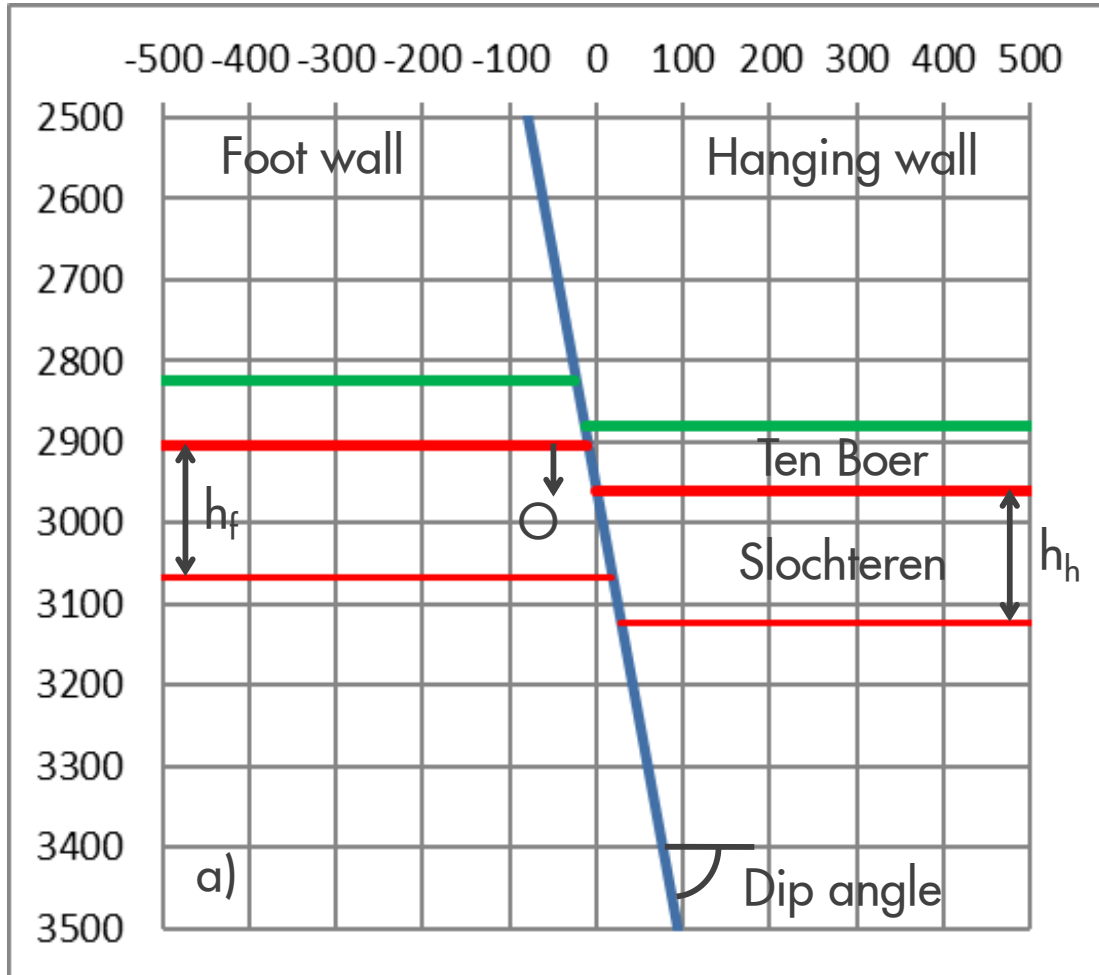
We may have used certain terms, such as resources, in this presentation that United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. U.S. Investors are urged to consider closely the disclosure in our Form 20-F, File No 1-32575, available on the SEC website www.sec.gov.

Contents

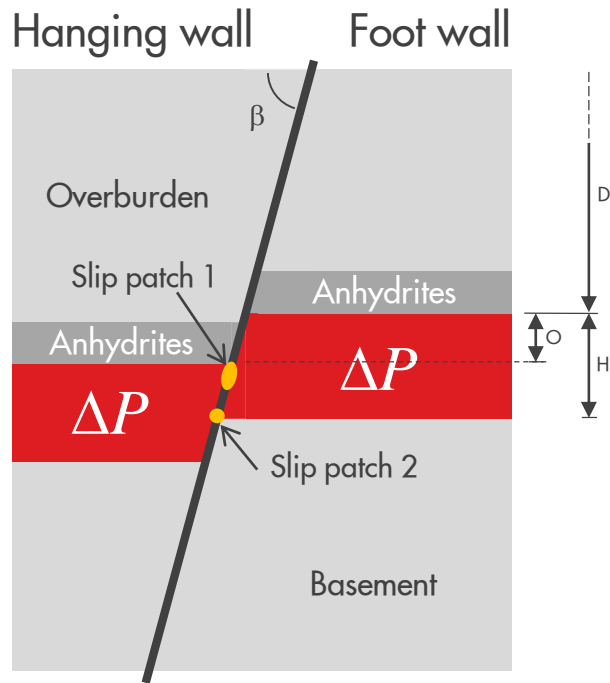
- Groningen fault model
 - Tectonic setting, geometry and key modelling parameters
- Mechanism of nucleation and arrest of seismic rupture
 - Linear slip-weakening relationship
 - Poroelastic modelling of depletion-induced stress changes
- Lehner's analytical solution of Goodier's problem (Lehner, 2019)
 - Application to faults with offset
- Conclusions



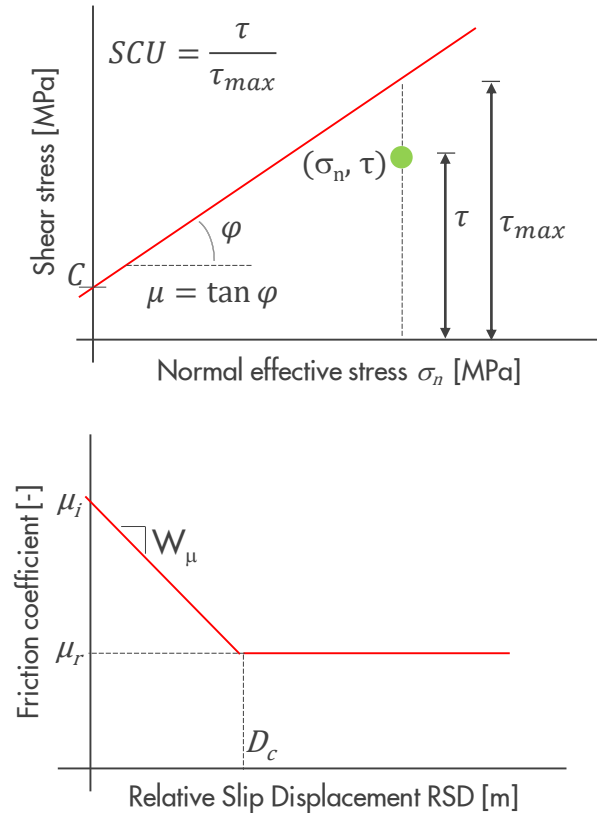
Normalised reservoir offset



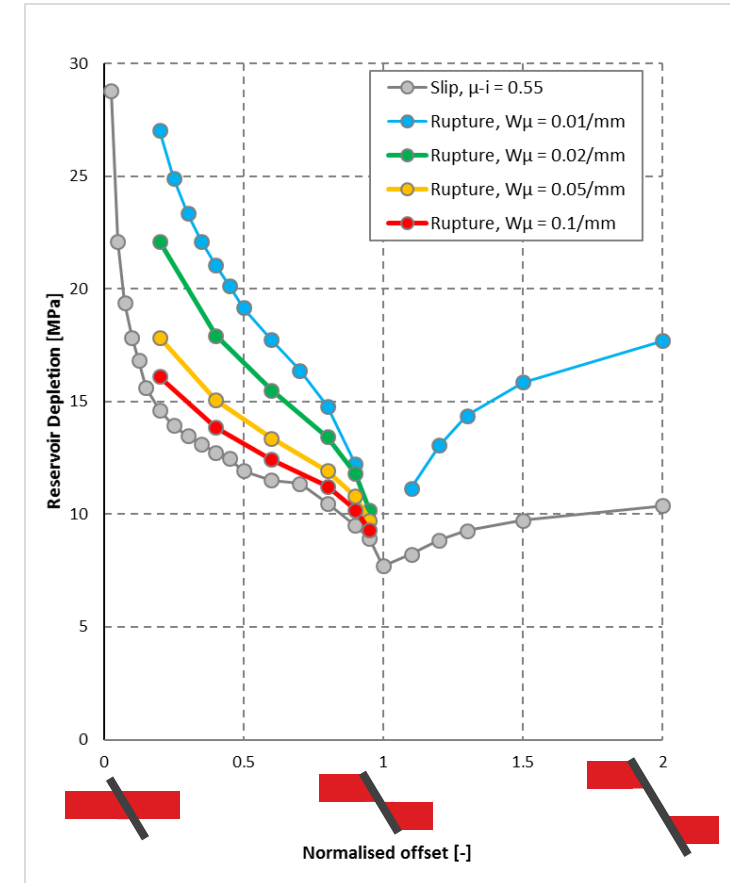
Seismic Rupture is dependent on normalised offset and slope W_μ



- Reservoir offset in a normal faulting stress regime
- Linear elastic subsurface



- Mohr-Coulomb friction law
- Linear slip-weakening relationship



- Fault reactivation and seismic rupture strongly dependent on normalised reservoir offset

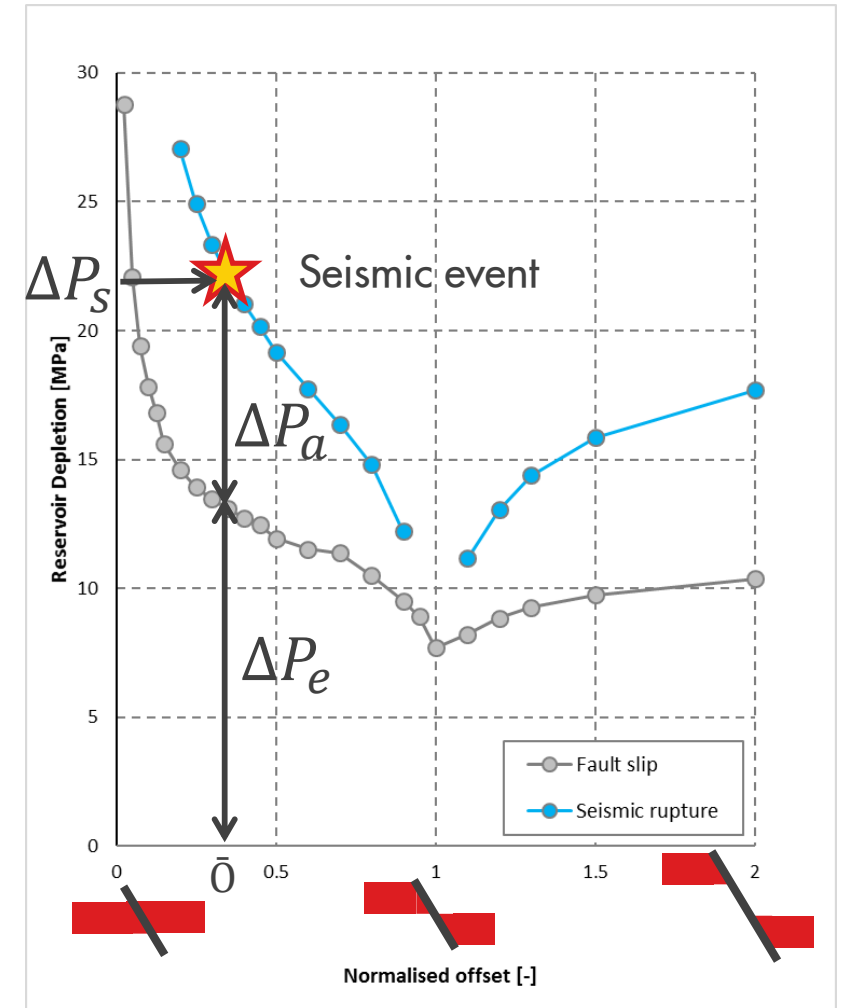
Reservoir depletion at which seismic rupture nucleates

$$\Delta P_s = \Delta P_e + \Delta P_a$$

- ΔP_e reversible (elastic) fault deformation, leading to fault slip
 - Poisson's ratio of the reservoir (lab data)
 - Fault orientation (geological interpretation)
 - Initial stress condition (limited data)
 - Fault initial friction coefficient (experimental data)
- ΔP_a induces a-seismic fault slip, leading to seismic rupture
 - Slope W_μ (unknown)
 - Consistent with L_c derived by Uenishi & Rice (2003)

$$\Delta P_s = \Delta P_e(\underline{S}_0, \mu_i) + \Delta P_a(W_\mu)$$

Uenishi, K. and Rice, J. R. (2003), Universal nucleation length for slip-weakening rupture instability under nonuniform fault loading, *J. Geophys. Res.*, 108(B1), 2042, doi:10.1029/2001JB00168.



Contents

- Groningen fault model
 - Tectonic setting, geometry and key modelling parameters
- Mechanism of nucleation and arrest of seismic rupture
 - Linear slip-weakening relationship
 - Poroelastic modelling of depletion-induced stress changes
- **Lehner's analytical solution of Goodier's problem (Lehner, 2019)**
 - Application to faults with offset
- Conclusions



Analytical Solutions

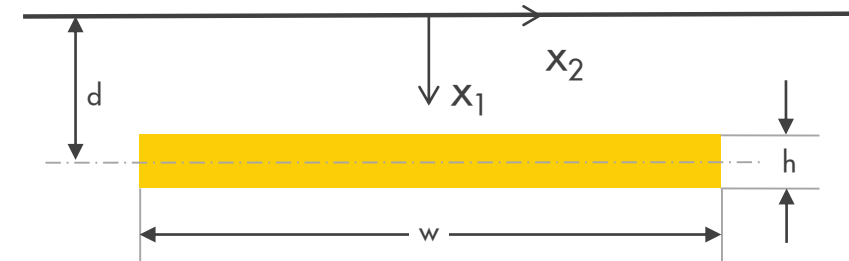
- Stress distribution around rectangular inclusion
 - Goodier (1935) for infinite plate
 - Nowacki (1956) for half space

- Stress distribution around trapeziod inclusion
 - Lehner (2019) for infinite plate

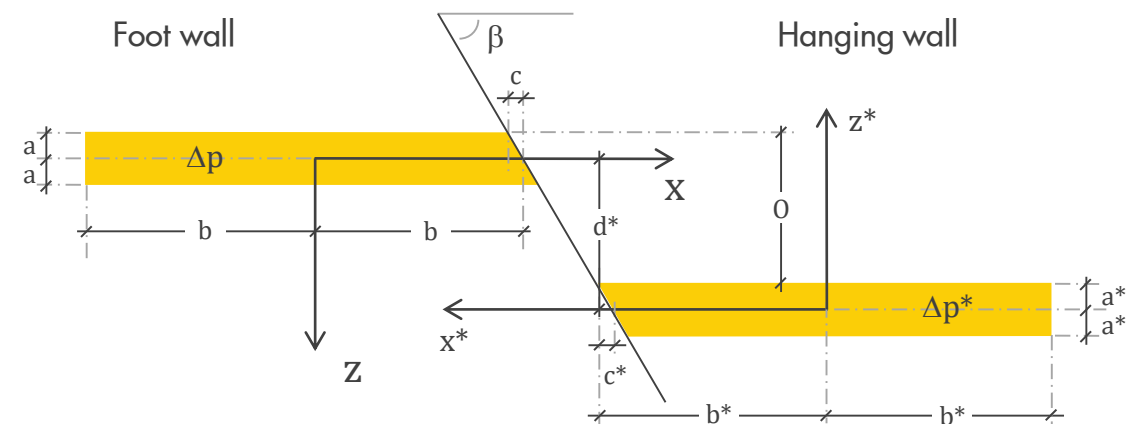
- Stress distribution along fault with throw
 - Superposition of stress induced by depletion of the foot wall reservoir and the hanging wall reservoir

Goodier (1935)

Nowacki (1956)

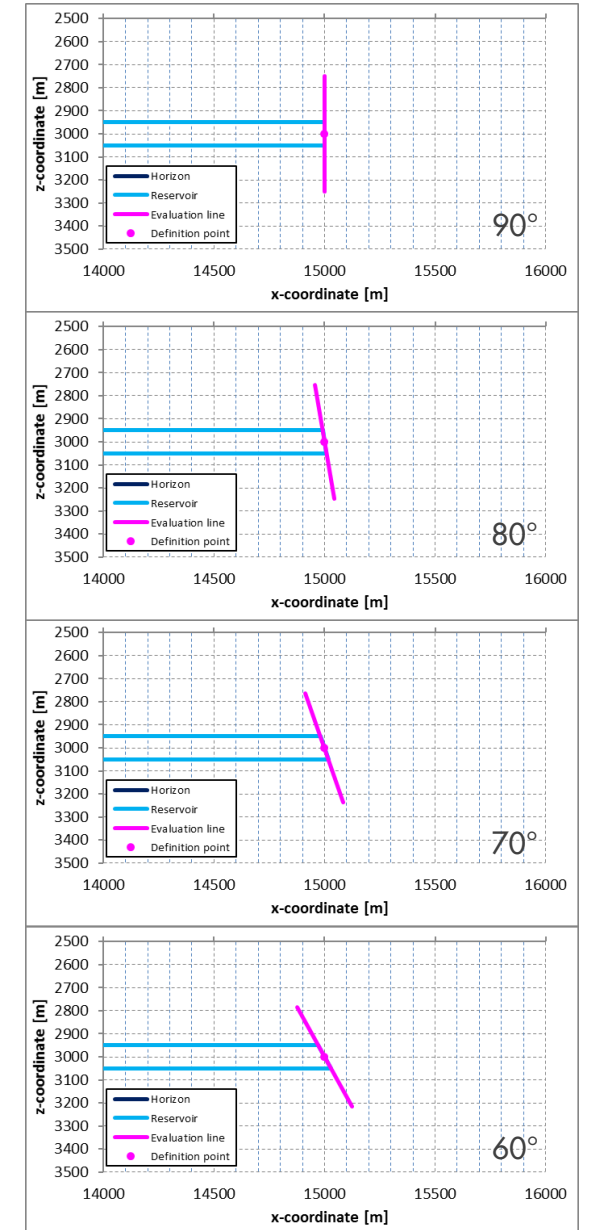
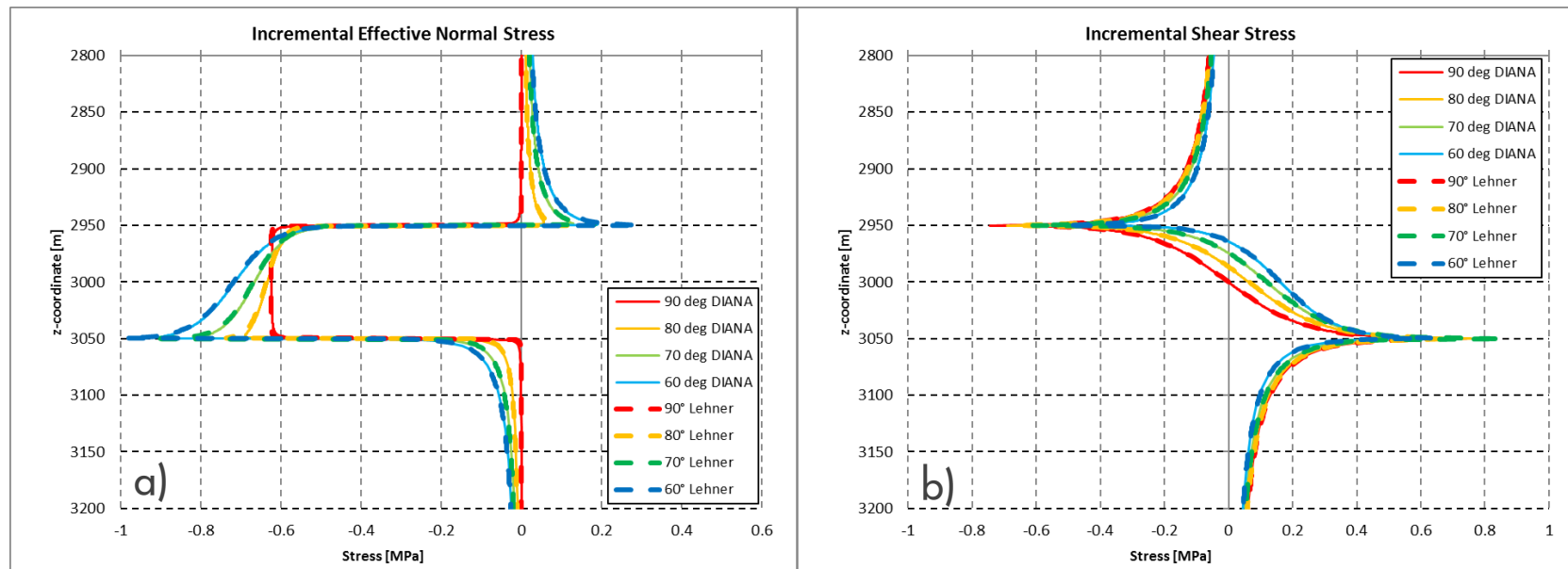


Lehner (2019)



Lehner's solution compared with FEM results

- Accurate description for the effective normal and shear stress distribution along a dipping fault plane
 - Under linear-elastic stress conditions



Nucleation of seismic rupture based on Lehner's analytical solution

- Iterative approach
 - Redistribute shear stress to ensure that $SCU \leq 1$
 - Account for slip-weakening behaviour
 - Compute L_1 and L_2 for specified depletion pressure
- Seismic event occurs if slip patch reaches the critical size L_c

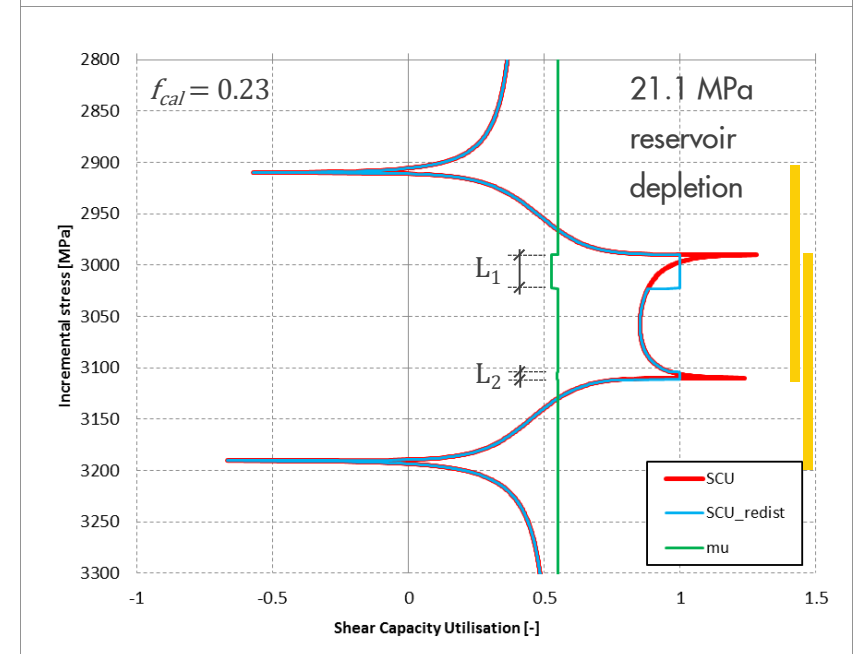
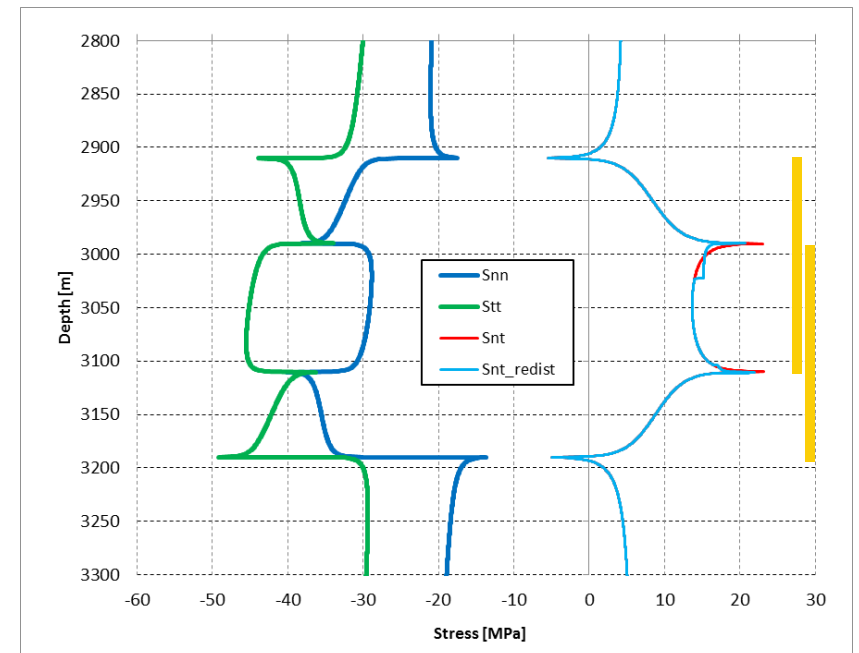
Uenishi & Rice (2003)

 - Adjust depletion pressure such that $L_c \leq L_1, L_2 \leq L_c + \varepsilon$

$$L_c = \frac{1.158 G}{(1 - \nu) W}$$

$$W = W_\mu \sigma_n$$

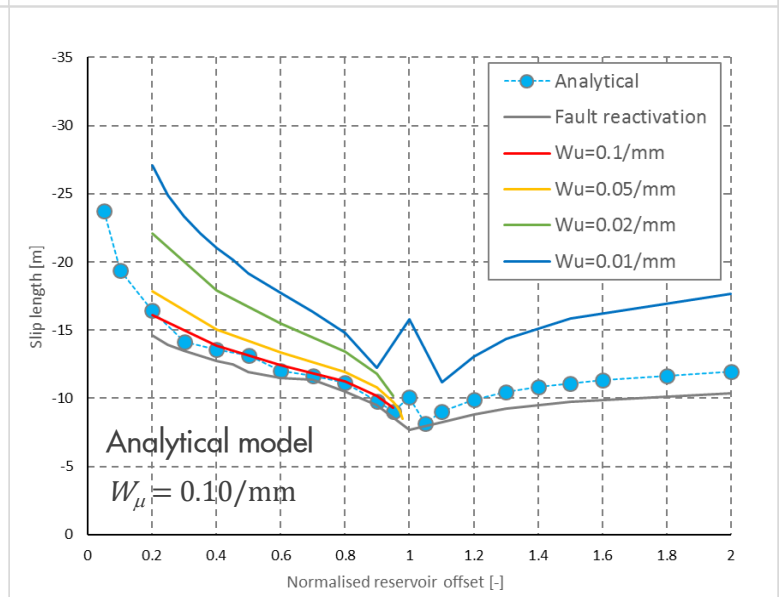
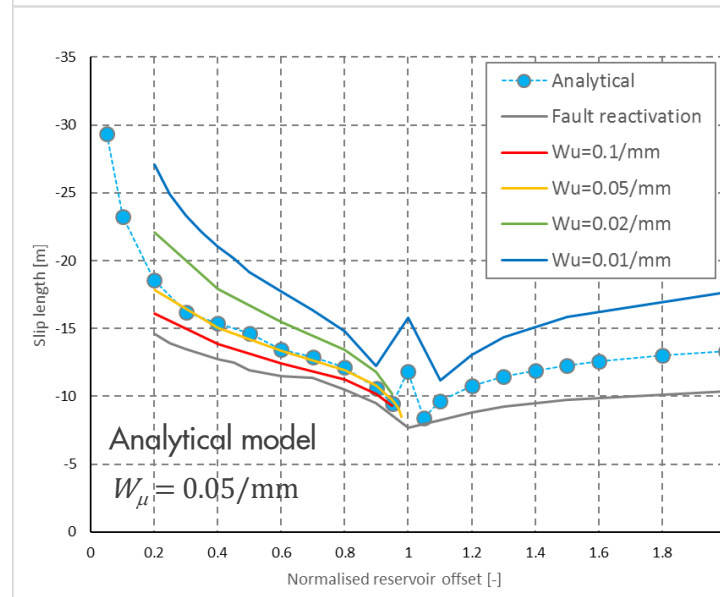
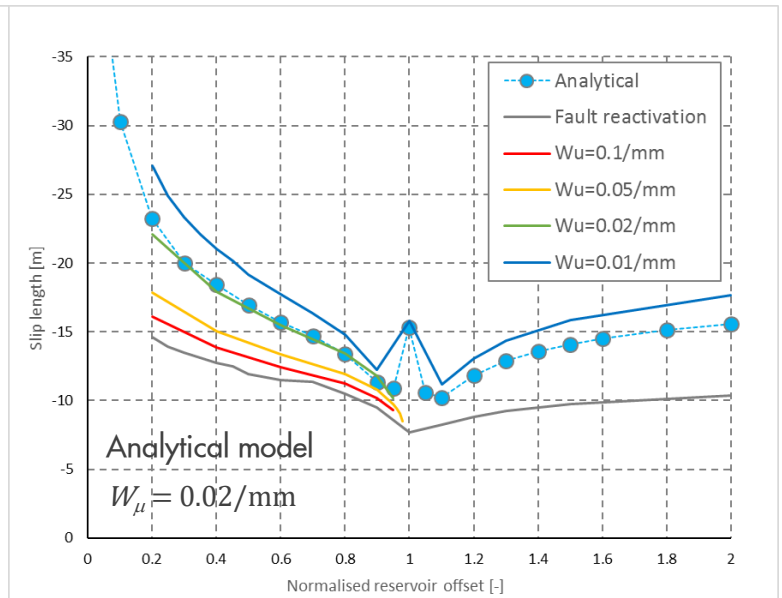
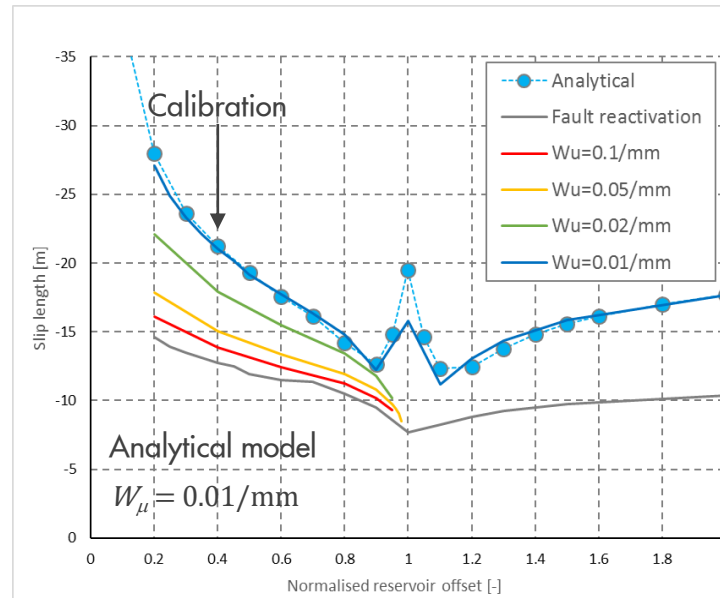
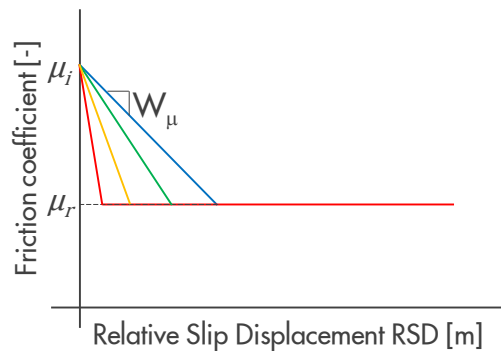
Uenishi, K. and Rice, J. R. (2003), Universal nucleation length for slip-weakening rupture instability under nonuniform fault loading, *J. Geophys. Res.*, 108(B1), 2042, doi:10.1029/2001JB00168.



Calibration against FEM results

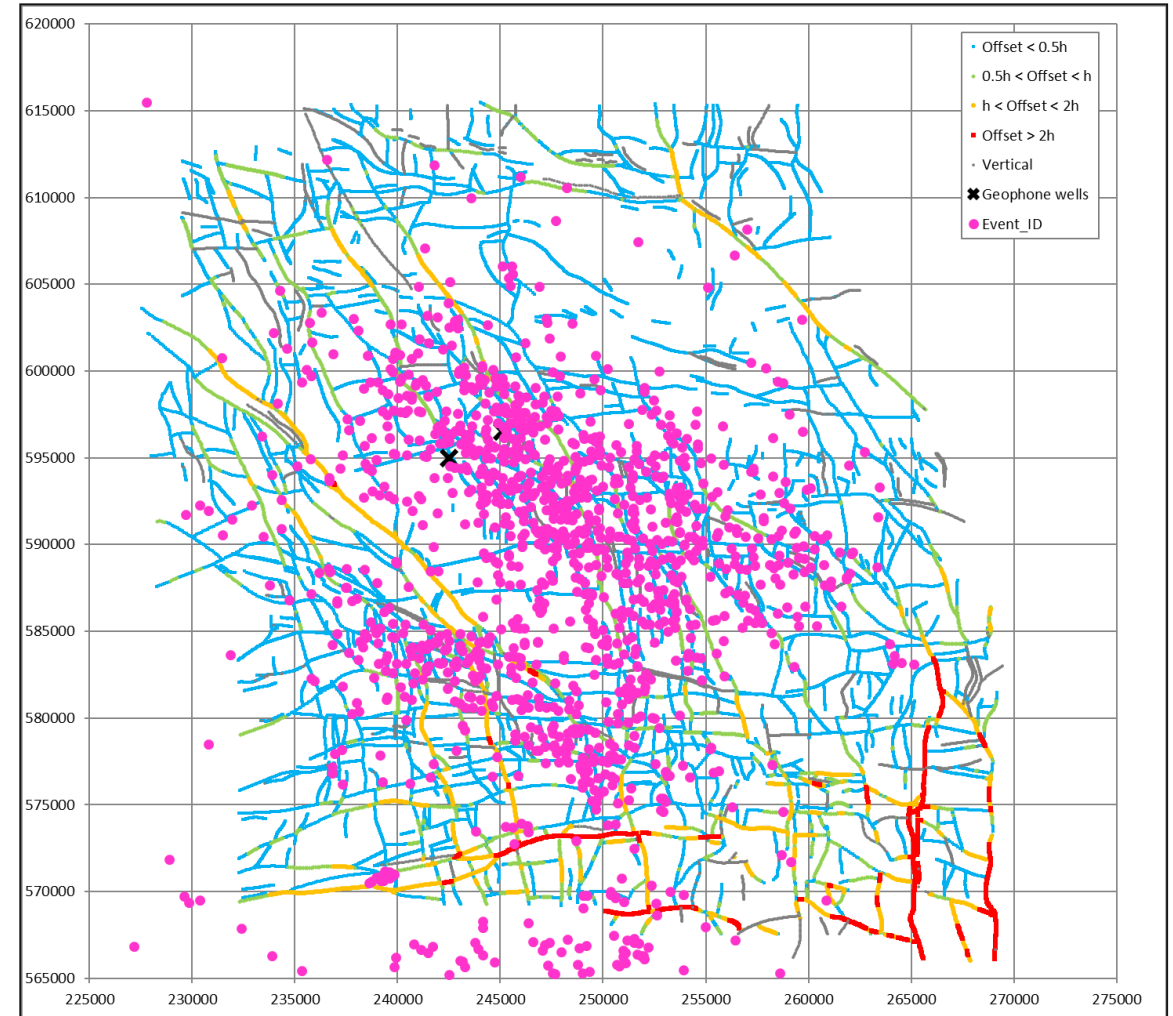
- Single calibration factor for all cases
- Analytical approach retrieves FE depletion pressure at which seismic rupture nucleates

- Initial stress condition
- Fault orientation
- Normalised reservoir offset
- Slope W_μ



Conclusions

- Analytical approach accurately reproduces occurrence of seismic events in dynamic rupture simulations
 - Replicating the same physical response
 - Only a single calibration required to represent reservoir offset and slope W_μ
- Analytical solution provides the opportunity to improve a stochastic seismological model
 - Inversion for fault slip parameters W_μ, μ_i, μ_r from seismic events





Acknowledgements

- Florian Lehner
- NAM
 - Jan van Elk, Dirk Doornhof, Rob van Eijs, Clemens Visser
- Shell
 - Rick Wentinck, Chris Willacy
- TNO/University of Utrecht
 - Loes Buijze

