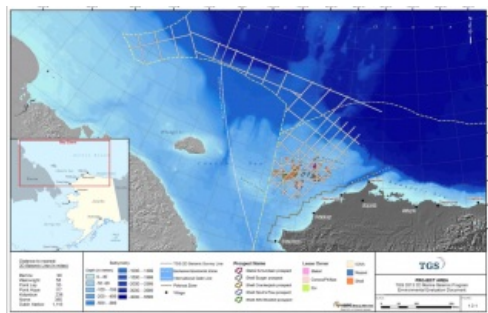


US Cancels Arctic Offshore Lease Sales



In light of current market conditions and low industry interest, the U.S. Department of the Interior will cancel the two potential Arctic offshore lease sales scheduled under the current five-year offshore oil and gas leasing programme for 2012-2017. The decision follows Shell's announcement of its exploration results at the Burger prospect in the Chukchi Sea and that the company will cease further exploration activity in offshore Alaska for the foreseeable future.

Under the current five-year programme, Chukchi Sea Lease Sale 237 was scheduled potentially for 2016. The Bureau of Ocean Energy Management (BOEM) issued a Call for Information and Nominations in September 2013, in response to which industry submitted no specific nominations. Shell recently announced that the results of its exploration well at

the Burger J site in the Chukchi Sea did not warrant further exploration in the Burger prospect.

Similarly, Beaufort Sea Lease Sale 242 had been scheduled potentially for the first half of 2017. BOEM published a Call for Information and Nominations in July 2014, but only received one nomination, thereby raising concerns about the competitiveness of any such lease sale at this time.

The Bureau of Safety and Environmental Enforcement (BSEE) also denied requests from Shell and Statoil for lease suspensions, which would have allowed the companies to retain the leases beyond their primary terms of ten years. The leases will expire in 2017 (Beaufort) and 2020 (Chukchi). Among other things, the companies did not demonstrate a reasonable schedule of work for exploration and development under the leases, a regulatory requirement necessary for BSEE to grant a suspension.