

Appendix III



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November 6, 2009

To: Evan Berger, MLA
Doug Bowes, Alberta Tourism, Parks, & Recreation
Jay Nagendran, Alberta Tourism, Parks & Recreation
David Breakwell, Alberta Energy
Peter Watson, Alberta Energy
Diane Pachal, Sierra Club Canada
Gordon Petersen, Castle-Crown Wilderness Coalition
Christyann Olson, Alberta Wilderness Association
Sarah Elmeligi, Canadian Parks & Wilderness Society

Re: Castle Special Place Proposal

We understand you are in receipt of a proposal from the Castle Special Places Committee. This letter is intended to clarify Shell's position on the Castle Special Place proposal.

As stated in our letter of May 6, 2008:

"Shell recognizes the environmental value of this area and we are not opposed to the creation of a park but we have interests in the area (as do a number of other stakeholders) and we need to understand how a park will affect those interests".

At this time we understand that the proposal covers the majority of the area where our operations exist on public lands in the Waterton area. It also our understanding that should the current proposal proceed to the establishment of a park there would be restrictions on our ability to proceed with the exploration and development of the mineral reserves in this area.

As stated in our letter of May 6, 2008

"We intend to continue exploration and development activities in the Castle River and Carbondale areas. We also intend to drill wells or develop facilities from within the area of the existing facilities in the front

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canyons should we determine that there is an opportunity to effectively recover petroleum or natural gas resources".

Shell continues to believe that through appropriate discussion, dialogue, compromise and negotiation between government, Shell and other stakeholders it is possible that an acceptable agreement can be reached for the establishment of a park.

Alternatives and options that must be explored in this dialogue include:

- Appropriate park boundaries
- Phased implementation of the protected area designation over time
- Potential restrictions to exploration and development, which could allow for the acquisition of mineral rights but limitations to the location and scale of surface developments within a protected area.
- Potential limitations on cumulative disturbance, which could allow for new disturbances once existing disturbances have been reclaimed.

It is our practice to operate in an environmentally responsible manner and it is our belief that there is a potential to allow for the continued development of the sub surface petroleum resources in the area without sacrificing the environmental values on the surface.

Through ongoing constructive dialogue with many stakeholders, Shell has already made many public commitments to restrict the location and scale of our operations in this area and we believe there is opportunity for further dialogue that will allow for the production of the petroleum resources in the area in conjunction with the establishment of appropriate environmental protection measures.

As we have stated throughout the Castle Special Places process, we are committed to exploring options and looking for solutions that meet the needs of all stakeholders.

Note that Shell's position is not changing on this issue. As stated in our earlier letter:

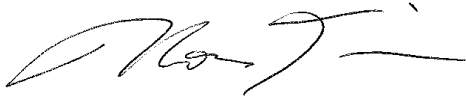
"We support a process that engages all stakeholders in considering this important issue and we commit to full participation. This consultation process must address the environmental value of the area as well as its current uses and how these two factors might be incorporated in establishing the boundaries of a park and the proposed park designation."

We remain committed to the consultation process and we look forward to further discussions on this proposal. Mr. Roger Creasey (Terrain FX Inc.) will continue to represent Shell's interests in these matters.

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Should you have any questions on this please do not hesitate to contact us.

Yours truly,

A handwritten signature in black ink, appearing to read "Norm Wiens". The signature is fluid and cursive, with a long horizontal stroke at the end.

Norm Wiens,
Venture Leader, Foothills