

Thursday 19 October 2006

Attention of Deputy Minister Oleg Mitvol
The Ministry of Natural Resources of The Russian Federation
Moscow
Russia

From John Donovan
Owner of the news based website focused on Royal Dutch Shell:
www.royaldutchshellplc.com

Dear Deputy Minister Mitvol

Royal Dutch Shell Sakhalin II project

The following is a further posting on our website by a Shell insider relating to a potential environmental catastrophe at Sakhalin II.

"The issue of well integrity, as wonderfully illustrated by the Indonesian disaster, is real. If my understanding is correct, the Sakhalin 2 wells are horizontal, and penetrate active, non-sealing, faults. In the event of an earthquake (and they are frequent in and around Sakhalin), it is probable that the wells would be sheared by any movement of a fault. This would cause exactly the same situation as we see in Indonesia, except that it would be further complicated by the fact that the fluid released might be oil rather than gas (both will be produced in Sakhalin) causing an environmental disaster on a scale never seen before, that the eruptions would take place offshore, and that the sea might be frozen preventing any remedial action for several months. "

The reference to Indonesia comes from an article in The New York Times earlier this month under the headline **"New Indonesia calamity a man made mud bath"**. The article can be found on our website by searching under the category "New York Times".

Please let your secretary know if you would prefer that we cease sending insider information and comments to you about Sakhalin II, as we do not want to be a nuisance. On the other hand, if the information might be helpful, we would be pleased to continue, in which event an email address would assist in communication.

Email address: john@shellnews.net
Telephone: +44 207 817 1187
Mobile: +44 7977 146767
You have my fax number.

Apologies for forgetting to sign the letter faxed yesterday.

Yours sincerely



John Donovan