

DEVELOPMENT AND APPLICATION OF RIGOROUS KINETIC MODEL FOR PREDICTING ULTRA LOW SULPHUR DIESEL (ULSD) UNIT PERFORMANCE

Richard Baur ^(a), Kaushik Basak^(a), Eddy Creyghton^(a), Hans van Beijnum^(a) and Larry Kraus^(b) ^(a)Shell Global Solutions International B.V. ^(b)Criterion Catalysts & Technologies

DEFINITIONS AND CAUTIONARY NOTE

Resources: Our use of the term "resources" in this announcement includes quantities of oil and gas not yet classified as Securities and Exchange Commission of the United States ("SEC") proved oil and gas reserves or SEC proven mining reserves. Resources are consistent with the Society of Petroleum Engineers 2P and 2C definitions.

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate entities. In this announcement "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 subsidiaries", "Shell subsidiaries" and "Shell companies" as used in this announcement refer to companies in which Shell either directly or indirectly has control, by having either a majority of the voting rights or the right to exercise a controlling influence. The companies in which Shell has significant influence but not control are referred to as "associated companies" or "associates" and companies in which Shell has joint control are referred to as "jointly controlled entities". In this announcement, associates and jointly controlled entities are also referred to as "equity-accounted investments". The term "Shell interest" is used for convenience to indicate the direct and/or indirect (for example, through our 23 per cent. shareholding in Woodside Petroleum Ltd.) ownership interest held by Shell in a venture, partnership or company, after exclusion of all third-party interest.

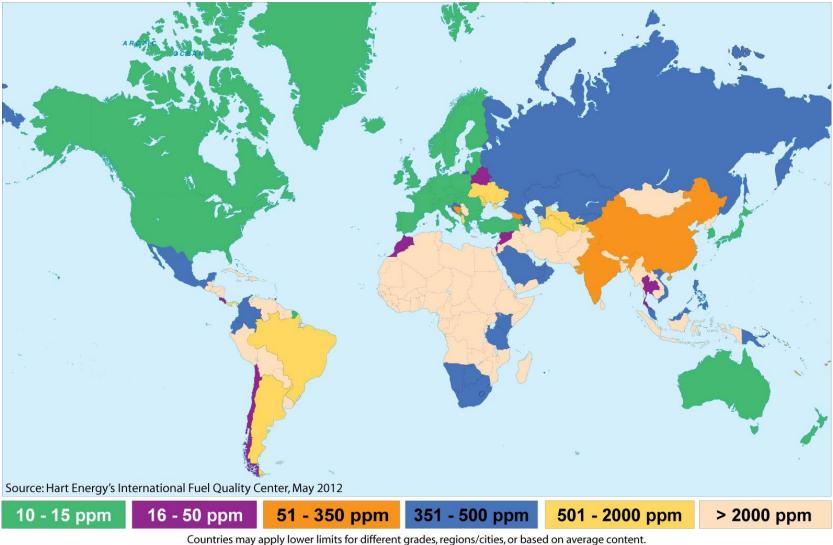
This announcement contains forward looking statements concerning the financial condition, results of operations and businesses of Shell and the Shell Group. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are 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 Shell and the Shell Group 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 "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "seek", "should", "target", "will" and similar terms and phrases. There are a number of factors that could affect the future operations of Shell and the Shell Group and could cause those results to differ materially from those expressed in the forward looking statements included in this announcement, 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; (i) 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. All forward looking statements contained in this announcement 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 factors that may affect future results are contained in Shell's 20-F for the year ended 31 December 2011 (available at www.shell.com/investor and www.sec.gov). These factors also should be considered by the reader. Each forward looking statement speaks only as of the date of this announcement, 22 February 2012. Neither Shell nor any of its subsidiaries nor the Shell Group 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 announcement.

Shell may have used certain terms, such as resources, in this announcement that the SEC strictly prohibits Shell from including in its filings with the SEC. U.S. investors are urged to consider closely the disclosure in Shell's Form 20-F, File No 1-32575, available on the SEC website www.sec.gov. You can also obtain these forms from the SEC by calling 1-800-SEC-0330.

•ULSD Model Development - Motivation
•ULSD Model Formulation
•Model Performance
•Model Application Examples
•Conclusions

WORLDWIDE DIESEL SULFUR SPECIFICATIONS

Maximum On-Road Diesel Sulfur Limits



Detailed information on limits and regulations can be found at www.ifqc.org

ULSD MODEL DEVELOPMENT - MOTIVATION (1)

- ULSD "Economic" Drivers:
 - Meet Diesel Sulfur Specifications
 - Produce Saleable Product
 - Minimize Cost
 - Maximize Asset Utilization
 - "Beyond ULSD"
 - Reduce Hydrotreating Catalyst Requirements
 - Maintain ULSD Cycle Length
 - Make Reactor Volume Available Upgrading Catalysts
 - Improve Product Properties (Cetane, Cold Flow Properties, Aromatics Content)
 - Project Development
 - Unit Design/Optimization
 - Capital Cost Minimization

ULSD MODEL DEVELOPMENT - MOTIVATION (2)

- ULSD Kinetic Modeling Uses/Benefits
 - Optimize Catalyst Loads
 - Desulfurization
 - Product Property Improvement
 - Improve Hydrotreating Asset Utilization
 - Feed Management
 - Increase Throughput
 - Manage Cycle length
 - Beyond ULSD
- ULSD Modeling Requirements
 - Accurate HDS Prediction
 - Broad Feed Property & Process Condition Ranges
 - Accurate Product Property Estimates
 - "Cold" Calculation Capabilities

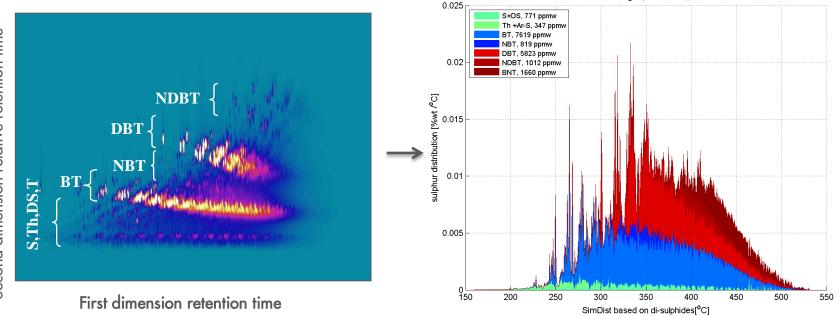
MODEL OBJECTIVE AND FORMULATION

Simulate ULSD kinetic reactions to predict product properties and catalyst life with reasonable accuracy under steady state conditions

Formulation

- Five Sulphur lumps and four Nitrogen lumps, accounting for varying reactivity & equilibrium limitations
- Pseudo components \rightarrow allows to calculate products slates
- Pseudo components properties describing paraffin, naphthenic, aromatic and Sulphur content → allows calculating product properties such as density, aromatic content, smoke point, cold flow ...
- Engineering calculations → delta T/delta P across beds
- Correlation for calculating deactivation kinetics

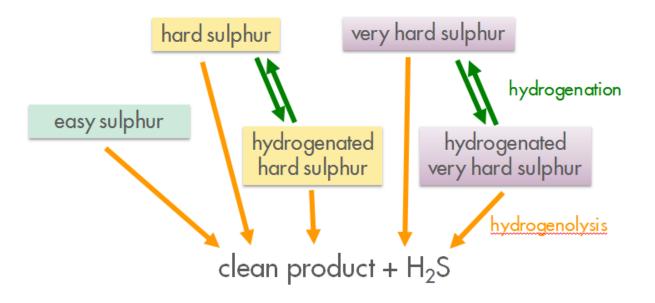
FEED CHARACTERISATION - 2 DIMENSIONAL SULPHUR GC



Collapsing GCxGC data to a single dimension allows quantifying the amount of sulphur species with respect to boiling point

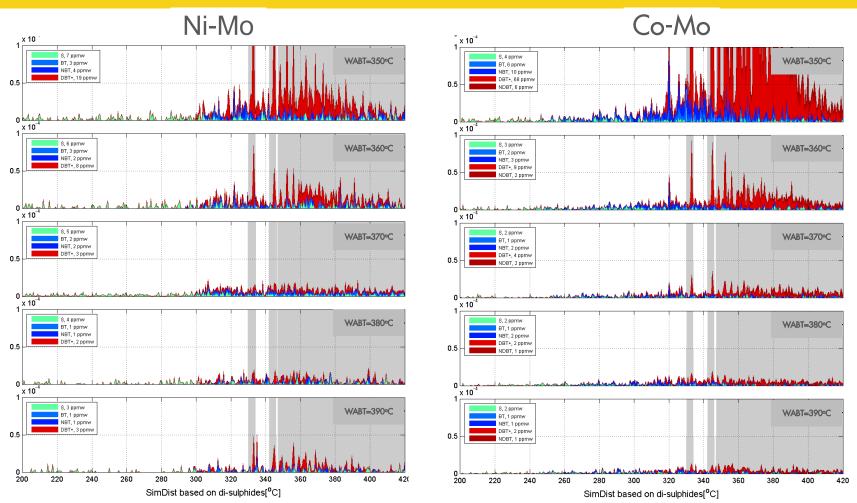
8

HDS REACTION NETWORK



- GCxGC Sulphur speciation technique is used to group Sulphur species into lumps with different reactivates and reaction paths
- An algorithm using a GCxGC data base of over 30 crudes is used to initialize the lumps and estimate the refractory sulphur species
- Langmuir-Hinshelwood kinetics is used to describe the impact of inhibitors such as nitrogen, H₂S and aromatics

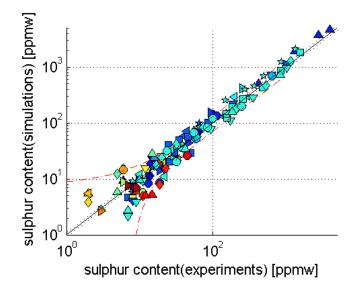
EXAMPLE OF APPLICATION OF S SPECIATION TECHNIQUE



GC x GC visualizes the predominant reaction paths and helps in identifying refractory sulphur

MODEL VALIDATION AGAINST PILOT PLANTS (I)

The model has been validated on 130+ selected conditions with over 30 different feeds (LCO, CGO, TC, HT & SR)

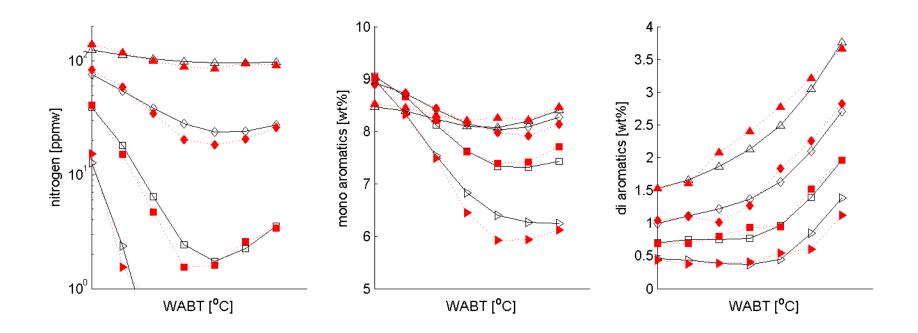


Excellent match in most of the cases inspite of the potential pitfalls in any pilot plant data base:

- Indistinct definition of SOR (WABT)
- Deactivation/ repeatability of tests.
- Measurement of low sulphur slips (2 ppmw)
- Sulphur recombination reactions

MODEL VALIDATION AGAINST PILOT PLANTS (II)

Product Nitrogen and Aromatics at four levels of H₂ partial pressures



Model accurately predicts onset of equilibrium limitations for entire operating range

APPLICATIONS OF IN-HOUSE PROCESS MODELS

Performance monitoring & optimization

Refinery wide optimization Modeling

Catalyst selection: New & existing units

Catalyst cycle management

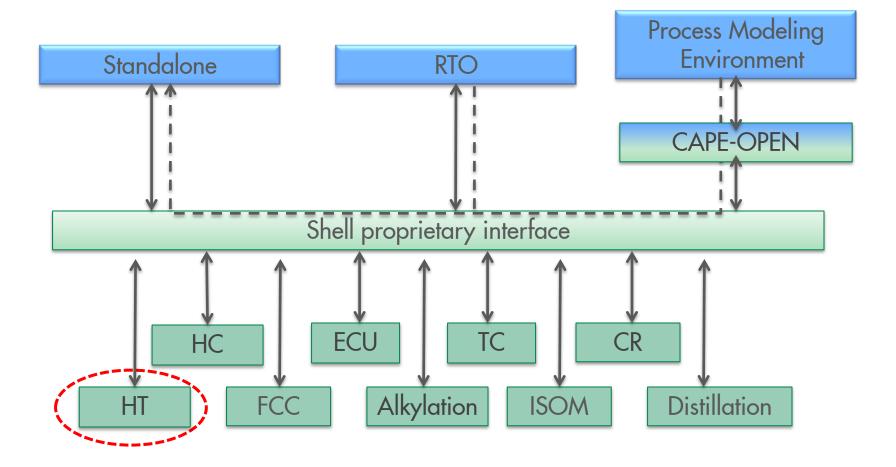


Real time Optimization

Product predictions for design & revamp studies Operator training

Applications require detailed modeling of the heart of the process, the catalysts

PROCESS MODELING FRAMEWORK



CASE STUDY: PERFORMANCE MONITORING OF UNITS

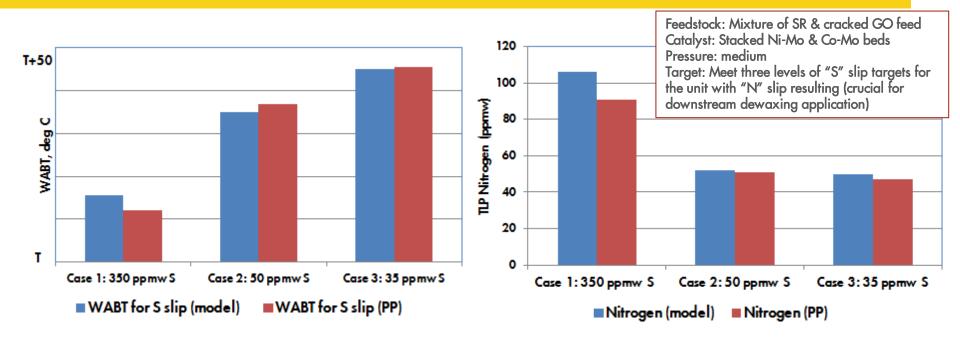
Example: Start of run (SOR) predictions for commercial units

		RefineryA	RefineryB	RefineryC	RefineryD	RefineryE	RefineryF
Average WABT	°C	362	337	364	360	353	307
Pressure	barg	78	67	55	50	48	31
Liquid hourly space velocity	1/h	2.62	0.91	1.09	1.17	1.32	0.93
Sulphur	ppm w	7	3	9	45	8	7
Predicted Sulphur	ppm w	11	2	9	44	10	7

- Cracked material
- Predominantly straight run gasoil
- Lighter blend containing kerosene

Model applied for regular performance monitoring and what-if studies by the sites

CASE STUDY: CATALYST SELECTION FOR NEW UNITS



- Excellent match between pilot plant and model at three levels of "S" slip targets for a difficult feed using stacked catalyst bed system
- HDN, aromatics and ccH2 predictions also match very well
- Model predictions used for fine-tuning the catalyst conditions for proposal
 Criterion uses the model as a tool for technical proposals

CASE STUDY: CATALYST SELECTION FOR REVAMP (1)

Revamp study for a 3P licensed DHT in a 3P refinery Objectives:

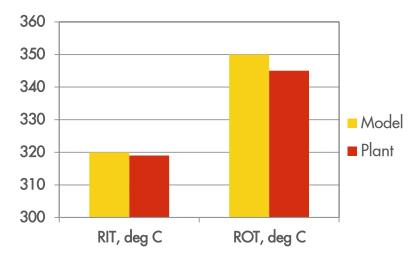
- Capacity increase: 4,560 mtsd to 5,928 mtsd (30%)
- Feed stock: SR feed to SR + cracked stocks (FCC LCO & VN)
- Product diesel specs: 10 ppmw S (max), winter grade (CP: -28°C)
- Catalyst cycle length: 2 years

Revamp scope:

- New catalyst system (Co-Mo, Ni-Mo, HDW)
- New reactor internals
- New equipment and revamp of certain existing equipment
- New hydrodewaxing (HDW) section

CASE STUDY: CATALYST SELECTION FOR REVAMP (2)

- ULSD model used for
 - Catalyst selection
 - Generation of kinetic data (for applying in commercial flowsheet simulation to design the downstream equipment changes)
 - Product property and chemical hydrogen estimation



All design criteria could be met successfully during test run (2012)

 Steady state kinetic model developed for in-house HDS/ HDT applications

• Rigorous kinetics, tuned with dedicated pilot plant data, and validated with a combination of pilot plant and commercial data replicates reallife performance quite well.

• Model applications include performance monitoring, optimization, catalyst cycle management, design and revamp, catalyst selection, licensing, and technical training, etc.



