

From: "Pickard, Ann D SEPA-EPG" <SHELL/AG1-SHELL/RECIPIENTS/NGAPI0>  
Sent: 1/8/2009 4:57:45 PM +0000  
To: "Colegate, Guy J SIEP-EPB-S" <SHELL/SI/RECIPIENTS/NLGO01>; "Copleston, John SEPA-EPG-CI" <John.Copleston@shell.com>; "Robinson, Peter L SEPA-EPG-C" <Peter.L.Robinson@shell.com>  
Cc: "Klusener, Guus SEPA-LSEP-G" <SHELL/AG1-SHELL/RECIPIENTS/G.KLUSENER>  
Subject: RE: Funsho  
Attachments: smime.p7m

Message Headers:

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Date: Tue, 6 Jan 2009 17:57:45 +0100  
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Thread-Index: AclvWT28wmAP6r8WRYxcdNwqnlbPwAnRWWAAAn1lba=  
From: "Pickard, Ann D SEPA-EPG" <Ann.Pickard@shell.com>  
To: "Colegate, Guy J SIEP-EPB-S" <Guy.Colegate@shell.com>;  
"Copleston, John SEPA-EPG-CI" <John.Copleston@shell.com>;  
"Robinson, Peter L SEPA-EPG-C" <Peter.L.Robinson@shell.com>  
Cc: "Klusener, Guus SEPA-LSEP-G" <Guus.Klusener@shell.com>

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At a minimum, Malcolm will be seeing Lukman in two weeks. Basil probably next week, me, maybe this week. We will get 245 into the discussions.

-----Original Message-----

From: Colegate, Guy J SIEP-EPB-S

Sent: 06 January 2009 13:13

To: Copleston, John SEPA-EPG-CI; Pickard, Ann D SEPA-EPG; Robinson, Peter L SEPA-EPG-C

Subject: RE: Funsho

Pretty much as discussed yesterday then- sounds more plausible-Bankole and Batore are in bed on this strategy on 245- suspect they are feeding Funsho a line re Etete's access to Yar knowing the message would get back to us and we might reopen as they think only way to get a slice as Etete wont move with reopening. On another tact we should explore with our Russian friend exactly what valuation they put on 20% in Sept and now....

Lukman seems key overall now though- any where we can give him a quick win in his new role??? if we can help him deliver rapidly on his plans (thinking we might float an outline mini/pilot IJV project around one of the Santa Ana deals??? GMP??)then it might help get some skin back on our side. Think we need to get something catalytic out there for key players to latch on to.

Guy

-----Original Message-----

From: Copleston, John SEPA-EPG-CI

Sent: maandag 5 januari 2009 17:16

To: Pickard, Ann D SEPA-EPG; Robinson, Peter L SEPA-EPG-C; Colegate, Guy J SIEP-EPB-S

Subject: Re: Funsho

Saw my Delta man.

245. He spoke to Mrs E this morning. She says E claims he will only get 40m of the 300m we offering-rest goes in paying people off. Also says E tried to see YA but this was blocked by MD Yusuf who I have mentioned before ( MD gave me the SC judgement (4/3, 7/1) the day before it was announced. He is on our side).

YA. Told he is in Germany having liver transplant. Any collateral?

Lukman. Took the job because he needs the money. We may be able to influence thru MD. Seeing MD next week. Will need to have a script.

John

Sent From my Blackberry

-----Original Message-----

From: Ann Pickard

To: Omiyi, Basil E SEPA-EPG-N

To: Onyejekwe, Chike C SNEPCO-EPX-G-N

To: Peter Robinson

Cc: Sunmonu, Mutiu OA SPDC-EPG-P

Sent: Jan 4, 2009 3:20 PM

From: "Henry, Simon P SIEP-EPF" <SHELL/OPS/RECI/RENTS/WWW/SHET>  
Sent: 6/25/2008 8:56:40 AM +0000  
To: "Pickard, Ann D SEPA-EPG" <Ann.Pickard@shell.com>  
Cc: "Outen, Guy EA SIEP-EPB" <Guy.Outen@shell.com>; "Robinson, Peter L SEPA-EPG-S" <Peter.L.Robinson@shell.com>  
Subject: RE: Barkindo  
Attachments: smime.p7m

Message Headers:

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Date: Wed, 25 Jun 2008 08:56:40 +0200  
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Thread-Index: AcjWP2elfsGYuT5sRLaT6eVsfUITagAUOYJA  
From: "Henry, Simon P SIEP-EPF" <Simon.Henry@shell.com>  
To: "Pickard, Ann D SEPA-EPG" <Ann.Pickard@shell.com>  
Cc: "Outen, Guy EA SIEP-EPB" <Guy.Outen@shell.com>;  
"Robinson, Peter L SEPA-EPG-S" <Peter.L.Robinson@shell.com>  
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Ann, thanks, supports earlier observation that anything to bring chinese will also need to consider indigenous participation. I expect this to be a common reaction and not limited just to those who support chinese (or russian) participation, so we should deal with it and think how it can be done without them needing to put up any money up front.

245 looks like it will run for a while yet, perhaps the arbitration may kick in some actions?

Simon

Simon Henry  
EVP Finance, EP  
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Internet: <http://www.shell.com>

—Original Message—

From: Pickard, Ann D SEPA-EPG

Sent: 24 June 2008 23:15

To: Brinded, Malcolm A RDS-ECMB

Cc: Outen, Guy EA SIEP-EPB; Henry, Simon P SIEP-EPF; Robinson, Peter L SEPA-EPG-S

Subject: Barkindo

Had a meeting tonite with Barkindo. While it was mainly to discuss Isabella, we went through a lot of things.

On Isabella, still getting the instruction to wait. They know we are willing to deal, but they must get further along first. He did say something new, however, that some piece of it would have to go to npdc. I said we could do that, but of course, would want value someplace else, perhaps more in another part of the JV or in breaking up SPDC. I offered the chinese, russians, etc in another part, and there was no interest or willingness to stated. He just reiterated again that we would have to accommodate npdc in the equation.

We spent a lot of time talking about the attack on Bonga. He thinks, for the first time, that govt will act as a result of the attack. Heads will roll, changes will be made, etc. Again, I asked the silly question if the criminals would be arrested....

On 245, he said the president doesn't want Etete to get anything, but mosp is 'involved' (i.e. on the take) and beholden ('adopted son') to Odili, who told him that Etete must be satisfied. So, mosp can't move.

Ann Pickard  
Shell Exploration and Production Africa  
Regional Executive Vice President  
Freeman House, 21/22 Marina, P.M.B. 2418  
Lagos, Nigeria

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Email: [ann.pickard@shell.com](mailto:ann.pickard@shell.com)

Internet: <http://www.shell.com>

[-- End S/MIME Signed Data --]

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From: "Osten, Guy EA SIEP-EPB" <SHELL/S/RECIPIENTS/WWYGOU>  
To: 10-3-2010 0:20:43 +0000  
Subject: "Voser, Peter R RDS-CEPV" <SHELL/S/Redipients/GBPV00>  
Attachments: FW: Update from Belle Paris  
smime.p7m

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Peter, we understand Russian based (Gurvior) parties are behind discussions with Chief Etete re OPL245. Our behind the scenes source implied some reference may/was mention I don't recall seeing such in your minutes. Does this ring any bells?

Guy

[all the following MOST p&c]

Guy Outen

Executive Vice President Commercial, New Business & LNG

Upstream International  
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Tel: +31 (0)70 377 7636; Mob: +31 (0)6 46382590 Email:  
Guy.Outen@Shell.com <mailto:Guy.Outen@Shell.com>  
Internet: <http://www.shell.com/>

> -----Original Message-----

> From: Colegate, Guy J SIEP-EPB-S

> Sent: 09 March 2010 12:44

> To: Outen, Guy EA SIEP-EPB

> Subject: RE: Update from Belle Paris

>

> Guy

>

> My POS might have been brought on by the effects of rare sunshine in the UK over the weekend. However, still think its now north of 50/50- Etete an small the money. If, at nearly 70 years old he does turn his nose up at 1.2 bill he is completely certifiable and we should then probably just hold out until nature takes its course with him. But I think he knows its his for the taking. I don't think he will push it away (others in the mix might not let him) and I think the source has tied him in another legal knot in addition to our own court case that will make an exit harder. But as you say, lets see.

>

> Would be useful to contact Peter and see if he can recall anything that might hint at a Gurvior role- no matter how tangent-likes it might have seemed at the time.

>

> Guy

>

> -----Original Message-----

> From: Outen, Guy EA SIEP-EPB

> Sent: Tuesday, March 09, 2010 1:49 AM

> To: Colegate, Guy J SIEP-EPB-S; Robinson, Peter L SEPA-UIB/G; Craig,

> Ian SEPA-UIG

> Cc: Copleston, John DC SEPA-EPG-CI

> Subject: RE: Update from Belle Paris

>

> Thanks Guy (pleasantly surprised by your POS .. lets see/hope so)

>

> I don't recall any notes from Peter's engagements around this topic. Do you want me to contact him?

>

> Guy

>

> Guy Outen

>

> Executive Vice President Commercial, New Business & LNG

Upstream International

> Shell International Exploration and Production B.V.

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> Tel: +31 (0)70 377 7636; Mob: +31 (0)6 46382590 Email:

> Guy.Outen@Shell.com <mailto:Guy.Outen@Shell.com>

> Internet: <http://www.shell.com/>

>

>

> -----Original Message-----

> From: Colegate, Guy J SIEP-EPB-S

> Sent: 08 March 2010 11:56

> To: Robinson, Peter L SEPA-UIB/G; Craig, Ian SEPA-UIG; Outen,

> Guy EA SIEP-EPB

> Cc: Copleston, John DC SEPA-EPG-CI

> Subject: Update from Belle Paris

> Importance: High

>

> Gents

>

> long chat with source yesterday re the on-going 245 dance in

> Paris:

>

> 1) The Chief arrived Saturday, for a F2F with Gaffney Cline (GC)

> 2) He told them the valuation of the block was "nonsense"

> 3) He offered no substantive counter-valuation

> 4) They got down to business on the following basis:

> - GC stated they estimate recoverable at approx 800 m boe

> - Chief estimated three times as much.

> -They agreed a valuation of "approx USD 3 bill" if the assumed

> recoverable is 1 bil boe.

> - Chief said he wants USD 1.5 bill for "his" 40% as "there is lots more" - but was prepared to negotiate

> There are two more days of negs in Paris today and Tues. The deal structure is emerging whereby they will agree a per 10%pc eq/contract valuation based on available data supplied by Chief. The investor is then prepared to structure additional value for future upside. The formula for this is being worked.

> Source stated he was "more confident" now the deal will progress as "the Chief is within the bounds of reality". The figure of USD 1.3 bill appears to be in the mix for 40% eq/contract. Investors sticking at USD1.2 with upside factor.

> Source stated Chief says he has 50% and had discussed with us. I emphasised no deal/discussions had taken place at this stage and that there would be zero chance of RDS agreeing any deal with Malabu/FGN ahead of full disclosure to third parties. Source fully appreciates the dangers of Malabu walking on his investors once a deal was reached with RDS/FGN. I stated there was zero chance of us agreeing to any sizeable reduction in our equity or any dilution of our contract rights without a full understanding of any background transactions. The investor side are also clear on this and understand RDS position.

> It is expected by source that if the investor/Chief can agree values/deal structure in next 48hrs it will be papered within a fortnight. Once that deal is as watertight as it can be given personalities there will be full disclosure to RDS and an opportunity to engage bilaterally with investor to explore additional appetite. I stressed that RDS is at present unequivocally defending its legal entitlement and that position will remain unprejudiced by any other discussion. We would be willing to engage with source/investor if and when an outline deal structure emerges which both RDS/FGN can support, and on the basis that all third party deals (Malabu/investor, investor/RDS) are transacted simultaneously with full and final settlement of legal case RDS/Malabu/FGN.

> My read for what its worth- the POS has gone up about 5pts to say 65.

> Source stated that although he cannot reveal investor identity at this stage- RDS should be aware that his client is a major player with full ability to fund and execute field development. John Cop has some circumstantial evidence an IOC could possibly be in the mix - specifically ENI. Didn't get any indications but their name was mentioned a few weeks go as "a company that can really work with us" - us being Russ inc- so its possible they could be on the fringes BUT stress no corrob at this stage. If they are there it could present leverage opps around Coronado?? We should not set any hairs running on this at pres as it needs more digging.

> One final point- my source says he believes "your Chairman" (likely a ref to CEPV) has had "some hints as to my investor's interest at a very confidential level". Suggest it would be worth checking back through the take aways/subject matter of recent RDS/Russ Inc meetings to analyse this statement- assuming others not already aware of the potential investor's identity- in which case am happy to stop pushing source on it.

> Regards

> Guy

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| <b>From:</b>    | "Colegate, Guy J SIEP-UIB/O/P" <SHELL/SI/RECIPIENTS/NLGCO1>   |
| <b>Sent:</b>    | 7/16/2010 2:13:05 PM +0000  |
| <b>To:</b>      | "Robinson, Peter L SEPA-UIB/G" <Peter.L.Robinson@shell.com>;<br>"Copleston, John DC SEPA-UIB/G/SI" <John.Copleston@shell.com> |
| <b>Subject:</b> | Block   |

No pki- apologies its died.

Long meeting yesterday in Paris- salient points:

- 1) Etete claims he has and has shown (though not copied) a letter from President reiterating malabu's 100pc equity/contract "award"
- 2) This letter clearly an attempt to deliver significant revenues to GLJ as part of any transaction
- 3) Our source says this letter "has really damaged deal" as etete now "uncontrollable"- he stated deal was almost there on a proposed 50/50 split with RDS. I made no comment.
- 4) Italians look like they might abandon whole thing as they realise there will be no RDS agreement on this basis and the letter has torpedoed reasonable discussion with chief.
- 5) Etete has proposed shell buy back in to "his block"- I politely suggested he might be being slightly unrealistic given present legal position. I stated that in addition to our own valuation of our block which we expected to realise there was the issue of the appraisal costs thus far.
- 6) Source stated he met GLJ in abuja last week- also present was dezani and aliya. Source stated GLJ said italians need to deal quickly as "the chinese were very interested and premier hu jintao had discussed the block personally with him" - may be a GLJ/Etete bluff- but clear driver is to get cash onto system asap.
- 7) Source described GLJ as "very unsophisticated" with a "very simple" view of the sector. Source stated GLJ made no ref to RDS position in block " merely that he as president had restated malabu's rights" Comment: it is of interest that the purported GLJ signed letter has not been shared with ENI and that the FGN has made no public comment. Personally I think this is a kite fly cooked up by Etete and GLJ- largely due to etete's relationship as oga to GLJ in his previous incarnation. I also don't believe GLJ or Dezani understand our/legal position- this is about personal gain and politics. Suggest we might make a formal representation on the matter??
- 8) was informed today that Credit Suisse london have been approached to manage a transaction on 245. Not sure who proposed client is but will find out later today through a contact.

Summary- this appears to be in its death throes as far as ENI concerned largely due to "that idiot letter" as our friend called it. We could poss put it back on track if we lobby thru abuja ( 40pc of a deal is more money to the key stakeholder than no deal). We might also check back thru beijing if any approach has been made (CNPC allegedly named by GLJ)- there could be an oppotunity there for us that might unlock it if we want to get creative.

Or we could just let it expire and see what happens next in arbitration and grind onwards.....

Guy

Guy Colegate

Senior Business Advisor

Shell International Exploration and Production

Tel +447921684960

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|--|
|  |
|--|



**From:** "Robinson, Peter L SEPA-UIB/G" <SHELL/AG1-SHELL/RECIPIENTS/P.L.ROBINSON>  
**Sent:** 7/18/2010 10:33:50 PM +0000  
**To:** "Brinded, Malcolm A RDS-ECMB" <Malcolm.Brinded@shell.com>; "Craig, Ian G SEPA-UIG" <Ian.G.Craig@shell.com>; "Ruddock, Keith A SI-LSUI" <keith.ruddock@shell.com>  
**CC:** "Wetselaar, Maarten SIEP-FUI" <Maarten.Wetselaar@shell.com>; "Jurgens, Thijs JGM SI-GRI" <Thijs.Jurgens@shell.com>  
**Subject:** Re: ?! 245  
**Attachments:** smime.p7m

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...m sorry Malcolm. I was surprised when we got confirmation that this had actually happened (but still trying to source the actual letter).

Jonathon still sees Ereta as his oga (Jonathon tutored eteta kids way back) and we don't think what has happened is informed. Minister is not helping though.

I have an option developed but high stakes and I am trying to check "up and down sides" currently in abuja. I think we have quite some leverage but need a couple more days. A

I agree that we need to consider strategy/tactics post arbitration award. This has started in country but will need to escalate to you/Keith in next month or so if we are unsuccessful

Malcolm, this administration is the same as previous (in some regards far worse). As always, I am probably wrong, but with options I see at moment I think we should hold host :

Also, I believe that back channel to president will work better than formal channels. So give Ian and I 10 days.

Bottom line, we have no friends in executive at moment and we need to act accordingly.

Peter

Peter Robinson  
VP Commercial - Sub Saharan Africa  
+234 8070367115 or +31 6 4638 2549

-----Original Message-----

From: Malcolm.Brindley  
To: Ian Craig  
To: Keith.Ruddock  
To: Peter Robinson  
Cc: Maarten Wetselaar  
Cc: Thijs Jurgens  
Subject: 71 245  
Sent: Jul 18, 2010 11:04 PM

OPL245: It appears that President has provided a letter to Malabu confirming 100% ownership of OPL245. This has stalled potential settlement discussions including possible sale of Malabu share (post settlement, 50% of ck) to ENI. Response will depend on exact contents of letter which we are trying to determine currently, although progress almost certainly will now require a directive from the President. Arbitrators have not yet declared proceedings closed. Determination will be issued within 90 days (but could be a much shorter timeframe).

IAN, PETER

THIS READS AS NEW AND DISAPPOINTING NEWS? I AM SURPRISED TO READ IT ...HAS MUTIU BEEN ABLE TO GET ANY INSIGHTS ?

I THINK WE SHOULD CONSIDER MAKING AN IMMEDIATE AND STRONG PROTEST TO THE PRESIDENT AND AT THE SAME TIME STEP UP THE B.I.T PRESSURE - INCLUDING CONSIDERING WHAT ACTION WE PROPOSE TO TAKE TO GET PAYMENT TO US IF WE GET A JUDGMENT IN OUR FAVOUR....?

ALSO CONSIDER GETTING THE UK AND NL GOVTS TO COMPLAIN ASAP VIA THE AMBASSADORS; UP TO NOW WE HAVE BEEN PROTESTING AGAINST THE CONFUSION CAUSED BY THE PREVIOUS ADMINISTRATION - BUT THIS NOW BRINGS US DIRECTLY INTO CONFLICT WITH THIS ADMINISTRATION....

VIEWS ?

MALCOLM

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## OPL245 Brief for ECMB Call with Descalzi - 23<sup>rd</sup> August 2010

### Background Information

- OPL245 receiving attention recently at Presidential level;
  - Letter To Malabu restating Malabu ownership of the Block approved by President (although we now believe this is seen as a mistake);
  - Meeting between President, Broker working for Etete, National Security Advisor (NSA) and Emmanuel Ojei (CEO of Emo Oil and close friend of President). We are told that at this meeting there was support for a solution on basis of 50:50. (Mutiu separately spoke to NSA and NSA unprompted raised 245 and that 50:50 was the right way forward). Our knowledge about this meeting should not be disclosed;
  - Mutiu meeting with President in which 245 was discussed;
  - ENI (Scaroni led) meeting with President (13<sup>th</sup> August) where we are told (via the Broker) that was 245 discussed in detail (unfortunately we have no feedback from ENI about the meeting – Casula lost his mother and thus not available to talk).
- The letter re-affirming Malabu's 100% in the block requires Malabu to pay the Signature bonus (\$209mIn) by 2<sup>nd</sup> October, 2010. Malabu is unable to do this without a transaction. However, it the Attorney General is already positioning to provide more time to Malabu – so unlikely to be a deadline that drives Etete's behavior;
- It appears that ENI/Broker are discussing a deal construct whereby ENI purchase 100% of block from Etete and "gift" back to Shell a percentage – circa 25%. This is despite previous MB/Descalzi discussion based on 40/10/50 split (ENI/Malabu/Shell). The unacceptability anything less than 50% made clear;
- In country view is that the President is motivated to see 245 closed quickly – driven by expectations about the proceeds that Malabu will receive and political contributions that will flow as a consequence – reinforces need for a solution quickly;
- ENI have requested Shell make available data on 245. Ian has responded to Casula on what is required from ENI but we are yet to receive response. Clear that ENI need access to Shell data to move the transaction forward;

### Recommended Discussion points with ENI

- Confirm that ENI are indeed serious about transacting on 245 and that meeting with President was positive (did ENI make any proposal or get a desired direction from President?) to allow a transaction to move forward;
- If needed, reiterate that a 50:50 settlement is minimum acceptable position for Shell;
- Propose that it now seems that the best way forward is for Shell and ENI teams to meet, agree a transaction structure and for ENI to then make an offer to Malabu (via the Broker – they are not directly in contact with Malabu/Etete);
- Once that is done, look for political pressure on Etete to force him to close on the basis of the transaction proposed.

Attachments:

OPL245 Brief for ECMB Call With ENI - 23 Augusts 2010.docx

Malcolm, attached is one pager on 245 for tomorrow's call. Have tried to be brief - I hope not to the point of being too cryptic.

I have suggested points to make. It now seems that unless ENI and Shell sit down and hammer out something that we think can work, get the Broker representing Etete on board and then put a proposal in front of Etete, we will continue to see lots of talking and no real movement.

Also, I have not been able to get direct feedback from ENI on the meeting they had with the President, but indirect feedback is that 245 was discussed in detail.

eter

-----  
Peter Robinson

VP Commercial - Africa

+234 8070367115 or +31 6 4638 2549

-----  
Content-Type: multipart/mixed; boundary="====\_NextPart\_000\_00C9\_01CB42DD.E20EAF90"

to: "Kusener, Guus A SEPA-LSU//AF" <SHELL/AG1-SHELL/RECIPIENTS/G.KUSENER>  
1/20/2011 10:52:05 AM +0000  
cc: "Bridged, Malcolm A RDS-ECMB" <Malcolm.Bridged@shell.com>; "Craig, Ian G SEPA-UIG" <ian.G.Craig@shell.com>  
"Ruddock, Keith A SI-LSU" <keith.ruddock@shell.com>; "Robinson, Peter L SEPA-UIB/G" <Peter.L.Robinson@shell.com>  
Subject: FW: 245  
Attachments: snime.p7m

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Malcolm, Ian

Below sent on behalf of Pete who is currently in transit.

Regards,  
Guus

-----  
Malcolm, Ian,

I want to bring to your attention a change in the transaction structure to settle the OPL245 dispute from that documented in the GIP approved last year.

As you will recall from last year, we came very close to settlement on OPL245. This was based on a Resolution Agreement (ENI, Shell, Malabu, FGN, NNPC) and SPA (ENI, Malabu).

Further (and also in GIP), an agreement between ENI and Shell detailing the financial contributions of each company to settlement. This agreement will now need to be extended and requires:

- \* Shell to release original signature bonus in escrow (\$209mln) to FGN;
- \* accumulated interest in escrow as of November 2010: \$ 25,5mln (approx be released to Shell (and then paid to ENI);
- \* payment of further \$85mln from Shell to ENI;
- \* ENI to contribute \$985mln to settlement;
- \* operatorship (in JOA) transferred to ENI;
- \* maximum headline price to Malabu of \$1.3bln (including signature bonus).

Sani Mohammed (Abacha) in taking legal action (claiming a share holding in Malabu) prevented ENI, Malabu and Shell moving forward (he sued the wrong Shell entities but given inability for Malabu and ENI to transact, the impact remains the same) and executing Resolution Agreement and SPA.

Shell has, as a consequence, developed an alternative Resolution Agreement structure which allows us to move forward on a solution to 245, whilst accounting for the legal action in play.

Over the last week we have received "in principle" support from AG and yesterday (19/1) come very close to a final, detailed agreement with ENI on wording of revised resolution agreement.

As such, we are in a position, once final drafting issues agreed (expected today), to move forward with FGN and Malabu. ENI board approval will still be required prior to execution.

The original Resolution Agreement:

- \* extinguished all legal actions (including bilateral treaty claim);
- \* required FGN to issue license jointly to ENI and Shell;



license to be issued within 7 days of Shell releasing signature bonus from escrow (release to occur at signature of Resolution Agreement);

\* tax waiver granted by FGN on transaction;

\* PSC 2000 fiscal terms confirmed;

\* acknowledged the SPA executed (but effective at a later date) between ENI and Malabu.

The SPA between ENI and Malabu had the resolution agreement as CP and in essence was the acquisition by ENI of all Malabu "interests" in 245.

The new structure maintains an (altered) Resolution Agreement (although all of the above components of Resolution Agreement are maintained), keeps all financial parameters unchanged and eliminates the need for SPA between ENI and Malabu.

The key changes contained in the redrafted resolution agreement are:

Resolution now is a Settlement Agreement only with no SPA transaction underlying the deal or as a CP for the issuance of the license;

\* ENI will pay on behalf of itself and SNEPCo, an amount of \$1.09 bln (\$1.3bln less signature bonus) into a second escrow. This will be used by the FGN to settle all claims from Malabu;

\* Malabu, in consideration for receiving such amount from the FGN, will waive any and all entitlement/claim it has in respect of 245

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Peter Robinson  
VP Commercial - Sub Saharan Africa  
+234 8070367115 or +31 6 4638 2549

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Content-Type: text/plain; charset="us-ascii"  
Content-Transfer-Encoding: 7bit

From: Ednan Agaev <ednan\_agaev@epam.ru>  
Sent: 16-10-2009 15:49:18 +0000  
To: 'Copleston, John DC SEPA-EPG-CI' <SHELL/AG1-SHELL/RECIPIENTS/NGJCO2>  
Cc: 'Colegate, Guy J SEP-EPB-S' <SHELL/SI/RECIPIENTS/NLGC01>  
Subject: FW: 245

Dear John,

I hope you trust me. This information will not go anywhere. At least before you tell me that you have reached and have sealed the agreement and that the way is open for bringing the investor. As for now, the situation is not yet mature.

Best regards,

Ednan

From: Ednan Agaev  
Sent: Friday, October 16, 2009 6:54 PM  
To: 'John.Copleston@shell.com'  
Subject: RE: 245

Dear John,

I thank you, very interesting. I am afraid Chief has wrong ideas about what he can expect from my clients. I have to discuss the situation with Richard and make sure that Richard will explain to Chief the financial implications.

Shall be in touch.

Best regards,

Ednan

From: John.Copleston@shell.com [mailto:John.Copleston@shell.com]  
Sent: Friday, October 16, 2009 4:06 PM  
To: Ednan Agaev  
Cc: Guy.Colegate@shell.com  
Subject: 245

Hi Ednan

Peter and I met Chief Ete yesterday. Ete was accompanied by Umar Bature (Gusau's man) and Bryant Orjiako, MD of Shebah Petroleum who is acting as an adviser (trusted by Shell).

Essentially what we have informally agreed is to go back to the original 1998/99 agreement between Shell and Malabu where Malabu had the block and Shell agreed to farm in for 40% but would carry Malabu for the remaining 60% and operate. Shell has agreed to come up with a figure for what we would pay for the 40% now, taking into account the money already expended on the block (exploration and signature bonus, together c \$600 million) following its award to Shell in 2002 - in reality once you have subtracted these sums what is left is not going to be very much.....

This time round Ete does not want Shell to carry the other 60% - he says Malabu can do that themselves. We believe this must be a reference to his discussions with you and his expectations that your principals will be able to come up with the money. Without the carry the block of course will be worth less to Shell as well.

Shell estimates capex, FID to first oil, to be in the region of \$15 billion for proven reserves of around 640 million, although probably much more potential. So any partner taking on Malabu's 60% has to look at capex expenditure of around 10 billion in addition to whatever they pay the Chief - big money!

Our initial response is that it will remain very difficult to meet Chief's expectations in terms of cash Shell is able to put up front on the table - given figures above and no carry, it will be a lot less than the 300 million we agreed last time for 20% equity (but all contractor rights). But Chief was very keen to have a framework and at least some initial figures from Shell to form the basis for future negotiations.

So this is where we are. Peter has to talk to The Hague and we will come back with a figure which almost certainly will be way too low but may serve to get real negotiations going. As always the issue will be the extent to which the Chief is ready to be sensible..... Meanwhile we are getting along very well personally - lunch and lots of local champagne - and this time round we are least negotiating face to face, which is a big improvement on trying to make progress through intermediaries.

Let me know how you assess this in terms of your potential investors. Our next meeting with Ete will probably be week of 2 November, but could slip depending on Shell internal bureaucracy

best wishes

John

.From: "Hess, Beat W RDS-ECBH" <SHELLUS/RECIPIENTS/NLBHEA>  
yt 3/23/2010 8:48:28 AM +0000  
"Henry, Simon P RDS-ECBH" <Simon.Henry@shell.com>; "Brinded, Malcolm A RDS-ECMB" <Malcolm.Brinded@shell.com>; "Voser, Peter R RDS-CEPV" <Peter.Voser@shell.com>  
CC: "Wetselaar, Maarten SIEP-EFF" <Maarten.Wetselaar@shell.com>; "Ruddock, Keith A SI-LSEP" <keith.ruddock@shell.com>  
Subject: RE: Draft 245 PCN  
Attachments: smime.p7m

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[-- Begin S/MIME Signed Data, Name: smime.p7m --]

Malcolm,

Support in principle.

It is probably the least bad of all options, if we can pull it through in accordance with the proposed terms.

Many legal risks remain, and I share Simon's concerns, particularly the risk of an unknown third party participant and difficulties with securing future cash contributions.

Nevertheless, speaking for Shell Legal, we will do everything within our control to bring this painful matter to a satisfactory conclusion.

With best regards,

Beat

**Beat Hess**

Legal Director

Royal Dutch Shell plc

Registered office: Shell Centre, London, SE1 7NA, UK

Place of registration and number: England, 4366849

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The Netherlands

**Phone:** +31 70 377 2679

**Fax:** +31 70 377 1339

**Mobile:** +31 6 5252 1761

**Email:** [Beat.Hess@shell.com](mailto:Beat.Hess@shell.com)

---

**From:** Henry, Simon P RDS-ECSH

**Sent:** 23 March 2010 02:34

**To:** Brinded, Malcolm A RDS-ECMB; Voser, Peter R RDS-CEPV; Hess, Beat W RDS-ECBH

**Cc:** Wetselaar, Maarten SIEP-EPF; Ruddock, Keith A SI-LSEP

**Subject:** RE: Draft 245 PCN

Malcolm, thanks for sharing. Rather complex, my instinct is to support as better than alternatives but several risks to aim mitigate e.g.

Will we actually receive cash agreed

Will Govt try to back in once they realise no revenues for them at all

Who is the unknown 3<sup>rd</sup> party, we would have no veto and no influence in a block where partner alignment is likely to be key given what will likely be marginal economics

Future cash calls to M and unknown party; we would be carrying the baby?

Who approves cost as recoverable?

How to document any of this in a way which is robust, without prejudicing any rights under parallel arbitration if we progress both at the same time

IB etc.

When do you need a decision – given current travels difficult to get a quick call on this for a few days, but 30 mins on the phone may be more efficient than multiple emails?

Simon

Simon Henry

Chief Financial Officer

Royal Dutch Shell plc

Registered office: Shell Centre, London SE1 7NA United Kingdom

Place of registration and number: England 4366849

Correspondence address: Carel van Bylandtlaan 16 2501 AN, The Hague, The Netherlands

Tel: +31 70 377 4151 Fax: +31 70 377 1840

Email: [simon.henry@shell.com](mailto:simon.henry@shell.com)

Internet: <http://www.shell.com>

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**From:** Brinded, Malcolm A RDS-ECMB

**Sent:** 22 March 2010 15:50

**To:** Voser, Peter R RDS-CEPV; Henry, Simon P RDS-ECSH; Hess, Beat W RDS-ECBH

**Cc:** Wetselaar, Maarten SIEP-EPF; Ruddock, Keith A SI-LSEP

**Subject:** FW: Draft 245 PCN

Peter, Simon, Beat

I flagged that we might be close to a solution re 245 – but that was before the dissolution of the Cabinet and the current limbo.

Nevertheless, it is I think important that we are poised ready to push this through as a first priority whenever we get a new Minister of Petroleum – especially if former MOSP Ajumogobia, who has been intimately involved in this, becomes the new Minister ( he is one of several candidates but maybe not politically heavy or well connected enough).

Hence please find attached the proposed PCN which sets out in detail the summary I gave recently. This is one where your formal endorsement is appropriate given the history and the political/ business principles issues involved.

My view is that if we can get the deal as proposed ( essentially we give up 50% of our Contractor rights for 50% of the Equity rights - plus we get payment of past costs ) this would be a good outcome. In terms of cash sink and risk its better than the previous plans - where you recall we were intending to pay for a small ( eg 20%) share of equity essentially to get our Contractor rights unfettered with all legal claims dropped.

This way we get \$300 mln of cash back (assuming payment for past costs, without interest – which I have set the team as an expectation for them, but which are omitted from the mandate for your support). Plus a potential forward value of \$0.8 bln (RV) to \$1.6bln (HV) on old PSC2000 terms, which is however bound to be eroded in any plausible PIB outcome .

I need to highlight a few of the other risks:

- Hitherto we have stood on the principle of getting our full contractor rights - which



had in our view never been legitimately challenged from start to finish . By giving up this principle for a 'deal' now, we might potentially weaken our defence should this whole saga take another turn for the worse in future;

- The solution proposed leaves NNPC without any economic interest in the Licence – a first in deepwater and obviously carrying some longer term risks ( whatever assurances we get now in the agreement regarding FGN committing not to back in etc );
- Malabu as a partner.....The only plus being that our interests should be aligned in the new structure....

Nominally we can argue that we are giving up more value at high price than we get. The reality is that if we get this deal delivered , it means some cash back now and a real chance of a divestment or a dilution (with possibly a share in a profitable DW project depending on the PIB) - and would overall be a much better outcome than I have feared along the way.

Importantly, settling this and getting out of International Arbitration under the BIT seems to me essential to have any prospect of reasonable relationships and business going forward as, whatever the rights of our case, the FGN - in whatever form - views it as a direct affront that we took this action.

Grateful your support

Regards

Malcolm

---

**From:** Craig, Ian SEPA-UIG

**Sent:** woensdag 17 maart 2010 14:17

**To:** Brinded, Malcolm A RDS-ECMB

**Cc:** Wetselaar, Maarten SIEP-EPF; Powell, Ceri M SI-UDX; Robinson, Peter L SEPA-UIB/G; Bos, Bernard B SEPA-FUI/F; Gerges, Amir NAM SIEP-EPB-Z

**Subject:** RE: Draft 245 PCN

Resend hopefully with attachment this time

**From:** Craig, Ian SEPA-UIG  
**Sent:** Wednesday, March 17, 2010 2:14 PM  
**To:** Brinded, Malcolm A RDS-ECMB  
**Cc:** Wetselaar, Maarten SIEP-EPF; Powell, Ceri M SI-UIX; Robinson, Peter L SEPA-UIB/G; Bos, Bernard B SEPA-FUI/F;  
Gerges, Amir NAM SIEP-EPB-Z  
**Subject:** Draft 245 PCN

Malcolm,

Further to our discussion during your recent visit, the attached updated PCN requests a mandate to negotiate a Settlement Agreement on the OPL 245 Dispute between FGN, Malabu and SNUD.

Following initial engagements with the parties there appears to be willingness to settle this prior to the arbitration award. This can be expected up to 90 days (end of June) after the final case hearing takes place which is planned to commence on March 29<sup>th</sup> and last a week.

The appearance of a third party to buy a share of Malabu's purported participation in the block and FGN willingness to avoid a potential embarrassing arbitration outcome have increased the probability of a settlement. Settlement would be a 50/50 license split between SNUD and Malabu with Malabu reimbursing Shell their 50% share of past costs incurred to date including their share of the signature bonus. In this settlement Shell swaps 50% of its Contractor rights for a 50% licence holder rights (value neutral at RV) and receives some US\$300 mln.

The BIT timeline is tight for Settlement execution. Although the strategy is to negotiate the Settlement agreement in parallel to the arbitration, the possibility of suspending the proceedings may be considered if there are clear indications from FGN that a settlement as per proposed mandate terms is achievable. This suspension should be for a limited period of time in order to execute the settlement. Otherwise BIT should continue its course.

I have copied Ceri on this note to keep her in the loop on this issue which may impact the timeline and options for our plans for OPL 322 (Bobo).

Regards

Ian

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**From:** "Henry, Simon P RDS-ECSH" <SHELL/OPE/Recipients/WYSHET>  
**Sent:** 10/12/2010 6:16:56 AM +0000  
**To:** "Brinded, Malcolm A RDS-ECMB" <Malcolm.Brinded@shell.com>  
**Subject:** RE: 245  
**Attachments:** smime.p7m

re get the project as proposed and stable fiscals not obvious to me why we would dilute ... ability of Government to interfere somewhat limited if they are not the licence holder  
So get the right conditions around future dilution, but you never know, we might just want to keep this one!

Simon

Simon Henry  
Chief Financial Officer  
Royal Dutch Shell plc

Registered office: Shell Centre, London SE1 7NA United Kingdom Place of registration and number: England 4366849  
Correspondence address: Carel van Bylandtlaan 16 2501 AN, The Hague, The Netherlands

Tel: +31 70 377 4151 Fax: +31 70 377 1840  
Email: [simon.henry@shell.com](mailto:simon.henry@shell.com)  
Internet: <http://www.shell.com>

-----Original Message-----  
From: Brinded, Malcolm A RDS-ECMB  
Sent: 12 October 2010 07:56  
To: Henry, Simon P RDS-ECSH  
Subject: RE: 245

Thanks. Indeed re Eni - they carry 2017 first prodn vs our 2021...  
There are many snags still to deliver so I give this less than 50% pos because of Ete's intransigence.  
(We will want to dilute again later given Nigerian capex - but if we look beyond the election and get the stabilised terms needed here, we should have a better dilution price than

Malcolm

-----Original Message-----  
From: Henry, Simon P RDS-ECSH  
Sent: dinsdag 12 oktober 2010 7:51  
To: Brinded, Malcolm A RDS-ECMB  
Subject: RE: 245

Malcolm, I agree this would be acceptable as an outcome, if we can get M out of the lease and deliver all the required supports. Let's hope ENI can succeed where we have struggled to close on this. An extra \$85m to get a project that goes forward without encumbrance would be an ok price, and interesting ENI are prepared to pay so much to get it to a project which may not produce this decade.

Simon

Simon Henry  
Chief Financial Officer  
Royal Dutch Shell plc

Registered office: Shell Centre, London SE1 7NA United Kingdom  
Place of registration and number: England 4366849  
Correspondence address: Carel van Bylandtlaan 16 2501 AN, The Hague, The Netherlands

Tel: +31 70 377 4151 Fax: +31 70 377 1840  
Email: [simon.henry@shell.com](mailto:simon.henry@shell.com)  
Internet: <http://www.shell.com>

-----Original Message-----  
From: Brinded, Malcolm A RDS-ECMB  
Sent: 11 October 2010 20:38  
To: Henry, Simon P RDS-ECSH  
Subject: Fw: 245

Jon

See below. Trust also ok with you.  
We need to move asap.  
(Getting Peter to agree was not in fact "difficult" but don't want any impression we will go any further!)

Malcolm

(Ps "Floris" is ansingh; not clear his role but he's tried to contact me on this)

Sent from my BlackBerry Wireless Handheld

-----Original Message-----  
From: Peter Robinson  
To: Malcolm Brinded  
To: Ian Craig  
To: Maarten Wetselaar  
Cc: Keith Ruddock  
Subject: RE: 245  
Sent: Oct 11, 2010 8:30 PM

Malcolm, phones playing up. Understood you directions and will talk to Roberto later this evening and agree way forward. Will provide update once we have spoken. Agree speed of essence. Regarding Floris; I will give you a separate update tomorrow but based on the information I have, I do not think he is working in Shell's interests.

Peter

-----Original Message-----  
From: Brinded, Malcolm A RDS-ECMB

Sent: Monday, October 11, 2010 7:03 PM

Robinson, Peter L SEPA-UIB/G; Craig, Ian G SEPA-UIG; Wetselaar, Maarten P-FUJ

cc: Ruddock, Keith A SI-LSUI

Subject: RE: 245

Importance: High

Ian, Peter,

I have agreed with Claudio and then cleared with Peter ( and confirmed back to Claudio) the following deal :

Headline \$1.3 bln offer

Eni put in \$980 mln

Shell - put in \$210 signature bonus

- and \$25 mln interest from sig bonus

- and \$85 mln cash

Shell keep 100% of the cost recovery

Eni are operator

We have not agreed anything for if the necessary amount goes above \$ 1.3 bln

(I had earlier offered to give Eni right of first refusal for our further dilution and to mutual pre-emption rights. He did not mention these issues today - but I would not plan to take them off the table as this is a very high trust discussion )

Our firm intent is to keep it at this number - which has the advantage that Malabu gets well over \$1bln (=1090)

Claudio says that Eni have info that Total made an offer of \$1.2 bln (!) already.... ( I am convinced YLD did indeed NOT know ) and that CNOOC are now back ready to negotiate with M.

Link you ( Peter I assume ) need to talk to Roberto asap about the optimum tactics to make the offer to Malabu and who should do this.

For what it's worth - here's my view :

I think Eni should lead this and should offer \$1.25 bln take it or leave it for 36 hours- M to renounce any and all claims and to commit to deliver all the other crucial confirmations we would need from Nigerian Govt ( including re licence period; fiscals etc)  
M will probably then still ask for \$1.5+ ....Then we move to 1.3 limit for another 36 hours - and thats it.

An absolute condition for me of this is that M are 100% out of the block !! ( i.e. no deal whereby M holds on to 10% etc )

But I leave you two to determine tactics. We need to move fast I think as the wolves are indeed circling.

I do not have any mandate to go above the proposal as above (ie above 1.3) - and I very much doubt I would get it; as getting Peter to agree to put the above 85 mln cash on the table was naturally difficult. But he agrees we need this resolved.

Malcolm

-----Original Message-----

From: Brinded, Malcolm A RDS-ECMB

Sent: zaterdag 9 oktober 2010 15:16

To: Robinson, Peter L SEPA-UIB/G; Craig, Ian G SEPA-UIG; Wetselaar, Maarten SI-EF-FUJ

Subject: Re: 245 (+yellow)

rim update.

YLD no idea of 245 issue. Promised to check. He saw my outrage. CD also present.

Yellow- he firm no changes. Ma firm we go ahead. I've offered 34 compromise. He's thinking.

Me-CD. I've made expn and gas value points and offered sig bonus and operatorship as our input to \$1.3bln. He's thinking - but says we should put money in. I've stood firm on any of cost recovery so far.

We talk later.

Any more good ideas/arguments?

Malcolm

Sent from my BlackBerry Wireless Handheld

-----Original Message-----

To: Peter Robinson

To: Ian Craig

To: Maarten Wetselaar

Subject: Re: 245 (+yellow)

Sent: Oct 9, 2010 7:02 AM

Thanks. All clear and timely. I see yld and cd for breakfast in 30 mins!  
Will revert.

M

Sent from my BlackBerry Wireless Handheld

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-----Original Message-----

-----Original Message Truncated-----

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