

Email to ECCR from Mike Wilkinson, Vice President Sustainable Development, Royal Dutch Shell, received 26 June 2008

Many thanks for your recent correspondence about Corrib. At the outset, allow me to express our appreciation of ECCR's sincere interest in our projects.

However the suggestion that moving the location of the gas terminal at Bellanaboy to a coastal location at Glinsk represents "an historic peacemaking compromise" is not a view that we share or can endorse.

In this note I will address the points raised in your letter, the ECCR's subsequent press release, the Kilcommon Priests' letter to the Minister and assertions contained in the statement from Rosspoint Residents.

I will also describe how Bellanaboy emerged as the preferred location for the onshore terminal; the statutory and public consultation process that led to it being granted planning permission in late 2004; and why alternative locations along the coast where Glinsk is situated, which were examined between 2000 - 2002, were deemed to be unsuitable from both an environmental and technical perspective.

How Bellanaboy was chosen as the terminal location

The selection of Bellanaboy as the site for the terminal was arrived at following lengthy examination of possible alternatives. The planning process included significant public consultation, both by the developer, in addition to the statutory consultation process that was carried out by Mayo County Council and An Bord Pleanála and included a total of 22 days of public oral hearings.

Glinsk itself was not identified as a suitable terminal location in 2000, and it was not evaluated as such. However, the consideration of several alternative terminal sites included two locations on the northern coast of Co Mayo where Glinsk is situated. Neither of these locations was deemed to be suitable for several environmental and technical reasons.

The reasons these coastal sites were found to be unsuitable are well documented in the original Environmental Impact Statement (EIS) for Bellanaboy and were examined in detail during the planning process for the terminal, which commenced consultation in 2000.

The relevant aspects of the alternatives examined are available for review at:

<http://www.corribgaspipeline.com/index.php?page=eis-2001-update-2008>

During this very lengthy and detailed process that culminated in planning permission for the terminal at Bellanaboy Bridge being granted by An Bord Pleanála in October 2004, the Glinsk location was not advanced as an option by anyone and therefore was not considered.

The Corrib Field Plan of Development was approved by the Minister for Marine and Natural resources in 2002 (after detailed consideration by the Marine Licence Vetting Committee and appointed consultants), and the project has since obtained all the necessary consents for its development through a number of statutory consents processes, all of which have included environmental impact assessment in accordance with the requirements of Irish and EU legislation.

How Glinsk was brought to SEPIL's attention

In your press release of 4th June you state that Glinsk was suggested as a possible alternative terminal location by Shell's consultants. This is not the case. The suggestion that

Glinsk be considered as an alternative location for the terminal came to RPS, the onshore pipeline consultants, from Fr Michael Nallen, Parish Priest of Kilcommon during the public consultation phase for the rerouting of the onshore pipeline.

RPS, the independent consultants appointed by Shell to assist in finding a modified route for the onshore pipeline, had not previously identified Glinsk as a suitable option for the modified route, but having received Fr Nallen's proposal, RPS agreed to include a route from Glinsk to Bellanaboy (the 'Glinsk route') in their route selection process to make sure it had been given a fair hearing.

Following careful examination by RPS, the Glinsk route was deemed to be inappropriate as an alternative pipeline route to Bellanaboy because of its location within the Glenamoy Bog Complex Special Area of Conservation. The Glinsk location also provided severely limited options for constructing an offshore approach and landfall for the pipeline, because it would require constructing a route through steep sea cliffs greater than 50m in height at Glinsk.

The reasons why Glinsk was not selected as an alternative landfall and route for the onshore pipeline are outlined in community update brochures published by RPS and circulated widely in Erris since June 2007.

<http://www.corribgaspipeline.com/uploads/file/community-updates/07-06-june.pdf>

Further details are also contained in Chapter 3 of the Environmental Impact Statement prepared for the modified onshore pipeline route:

<http://www.corribgaspipelinesiaapplication.ie/>

Progress at Bellanaboy

The Bellanaboy Terminal has been through due statutory process and its construction is currently 40% complete. The project plan envisages that it will be 80% complete by the end of 2008. There are currently in excess of 700 people working on the site - the majority from Co. Mayo. Leaving aside the technical and environmental viability or suitability of moving the terminal location to Glinsk as addressed above, the prospect at this point of entering into a new planning process for an alternative location is clearly not viable for Shell and its partners.

The ECCR press release also states **“No land-based pipeline for unprocessed gas would be required.”** What is not recognized however is that Bord Gais Éireann have completed construction of their distribution pipeline from Galway to Bellanaboy at a cost of €220m. A new terminal location would also require them to go through a further planning and consents process and involve BGE in further significant capital investment.

The suggestion that **“the cost of the new refinery development can be entirely written off for taxation purposes and that no net cost will arise for Shell's Corrib consortium”** makes a number of mistaken assumptions. The validity of this argument depends on the willingness of both the Irish Government and general taxpayers to forgo tax revenues from this valuable natural resource. It ignores the fact that the significant additional expenditure required to build a new terminal at a different location would inevitably delay project delivery by several years and would impact on the ultimate economic viability of the enterprise for all parties involved.

Why the pipeline route is being modified

The decision to reroute the Corrib onshore pipeline was developed on foot of a recommendation from the independent mediator Mr. Peter Cassells to *“modify the route of the pipeline in the vicinity of Rossport to address community concerns regarding proximity to housing.”*

Rerouting a pipeline that already has full statutory consent as described above was not the easy option for the Corrib Gas Partners. However it was considered to be the best way forward in order to deal with the safety concerns genuinely raised by some members of the community, and also to give local people another opportunity to input into the process of selecting a pipeline route.

This 14 month long process, which included 11 months of public consultation, has now arrived at an important milestone. A modified route that addresses the issue of proximity to housing by doubling the minimum separation distance from occupied housing has been identified. Applications for this new onshore pipeline route have been submitted and they are now the subject of detailed scrutiny by all the relevant authorities as the proposals are taken through the statutory process. The public consultation period for this modified route commenced in May and we fully expect that further oral hearings will be conducted as part of the planning process. Through this public consultation process, which forms an integral part of the state's consideration of our proposals, members of the public again have the opportunity to influence the process and the outcome.

Advantica Report

The ECCR press release states, "**Local people claim that a land-based pipeline route and processing plant on peaty terrain involve major health and safety risks.**" During the planning process for the terminal, the Irish planning authorities conducted a detailed consideration of the public safety aspects of the proposed terminal. This was done by the Health and Safety Authority in Ireland that is responsible for technical advice to planning authorities in respect of industry that can have an impact on public safety (Seveso II Directive). This evaluation was based on relevant EU legislation and guidance and it concluded that risks from the terminal were so low that no planning restrictions were required in the vicinity of the terminal. Furthermore the claim that the pipeline posed a major risk to public health and safety was not substantiated by Advantica, which undertook a detailed independent safety review on behalf of the Irish government. In May 2006 their report stated:

"Proper consideration was given to safety issues in the selection process for the preferred design option and the locations of the landfall, pipeline route and terminal. Quantified Risk Assessment (QRA) techniques were used to evaluate the levels of risk to the public, and deemed to be acceptable according to recognised and relevant international criteria".

The Advantica report concluded that:

"Provided that it can be demonstrated that the pressure in the onshore pipeline will be limited effectively, and that the recommendations made elsewhere in this report are followed, we believe that there will be a substantial safety margin in the pipeline design, and the pipeline design and proposed route should be accepted as meeting or exceeding international standards in terms of the acceptability of risk and international best practice for high pressure pipelines."

Advantica Safety Report

The decision to modify the onshore pipeline route as recommended by Mr. Cassells and the associated pressure protection system that will be installed at the landfall, as recommended by Advantica in 2006, directly address the concerns expressed by the community during and after the impasse of 2005.

The maximum pressure in the pipeline is being reduced from 345 bar to no greater than 144 bar, and the minimum distance from houses has been doubled. All of this has come about as a result of listening to community concerns and in response to widespread public consultation. The extensive soundings that we undertake in the community gives us the

assurance that our modified pipeline route and pressure reducing land valve installation clearly address the genuine concerns that people expressed prior to and during 2005.

Environmental Protection Agency

In November 2007, the Environmental Protection Agency (EPA) granted an Integrated Pollution Prevention and Control (IPPC) Licence for the Bellanaboy gas terminal. The licence application was subject to a thorough and transparent process including a 12-day oral hearing during which members of the local community including many opponents participated fully and had an opportunity to raise their concerns and influence the outcome.

The EPA, which is the competent authority in terms of IPPC licensing in Ireland, concluded that emissions from the gas terminal *"will not adversely affect human health or the environment and will meet all relevant national and EU standards, when operated in accordance with the conditions of the proposed licence."*

Social performance of Corrib

We know through our extensive contacts that the Corrib Gas Project is bringing tangible benefits to the locality and that the local community appreciates these. Indeed, approximately 60% of the 700 construction workers at Bellanaboy come from Co Mayo, and a sizable number are residents of Kilcommon Parish itself.

Since 2005, much emphasis has been focussed on the community impact of the project and we regard the Corrib Gas Project's Social Investment Programme as being an important part of this.

http://www.shell.com/static/ie-en/downloads/news_and_library/social_investment.pdf

Elements of this Social Investment Programme include the Corrib Gas Partners 3rd Level Scholarships scheme for four local secondary schools which is now in its second year of operation. In 2008 the Independent Scholarship Board received 59 applications, practically double the number received in 2007. A significant number of the applications came from Rosspoint College.

Eighty local community groups in Erris applied for funding through the Corrib Gas Partners Local Grants Programme in February - double the total number of applications received in 2007. Further applications for the 2008 programme are being accepted this July.

Furthermore, in response to a recommendation contained in Peter Cassells' mediation report, which stated that *"an investment fund for local development be established involving Shell and the local development agencies,"* an Independent Development Fund for Erris is currently being set up.

Mr. Cassells recommended that the fund *"should seek to contribute to the long-term economic, social and environmental development of Rosspoint, Kilcommon Parish and the Erris area generally."*

The Corrib Gas Partners, with the aid of representatives from local development agencies, are currently in the process of establishing an Independent Community Investment Fund for Erris. We are also looking at optimal ways for the community to be directly involved in this development process. This long-term development fund is expected to support larger sustainable community investment initiatives.

In conclusion

As you are well aware, we have previously acknowledged that certain stakeholder engagement aspects of the Corrib project were not managed as effectively as they should

have been. We have publicly apologised for the part we played in the events of 2005 and since then have placed a huge emphasis on community consultation and engagement relating to all aspects of the Corrib project.

It is because of the very broad range of high quality relationships that we have with members of the local community that we do not agree with the assertion that the protestors speak for, or have the support of, the majority of people in the local area.

We firmly believe that the ECCR's perspective on events in Mayo is partisan due in part to the stakeholders with whom you engage. As was stated in person to Rev. Nind and Sr. Boyle during their meeting with Terry Nolan and John Egan in Mayo in March 2007, Shell too has a deep interest in and is committed to healing the deep divisions that have arisen in the community as a result of the Corrib project. We will continue to work towards this goal and any assistance that the ECCR can provide in this regard will be greatly appreciated. We would invite the ECCR to widen its engagement in the local community so as to achieve a more holistic view of the situation today.

As a company, we are bound to observe the statutory processes of the host countries that we work in. Terry Nolan, who was appointed as Managing Director of SEPIL at the start of June wrote in the "Irish Times" recently: *"As citizens we put our faith in the Government that we elect and the statutory bodies of the State. We all live with the decisions that they make. This project has been through due process and has all of the relevant planning permissions and consents.*

Any suggestions that the terminal site be moved are not only completely unrealistic but they challenge the very basis of our democratic system. They challenge the certainty of process that makes Ireland an attractive place to do business and they have no bearing on the original concerns around the safety of the pipeline."

The statutory consents process for the modified onshore pipeline route is now underway and will provide further opportunities for extensive public consultation. We would encourage all interested parties to be involved in this process and hope that all parties will accept whatever decision is ultimately made by the competent authorities.

We are entirely focused and committed to ensuring that the Corrib Gas Project is delivered not just to the highest environmental, technical and safety standards but also that it provides the greatest benefit to the local community and the Irish people.

Yours sincerely,

Mike Wilkinson
Vice President Sustainable Development