

Submitted via first class mail and <http://www.sec.gov/complaint.shtml>.

April 27, 2015

The Honorable Mary Jo White
Chair
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-5631

Re: Request for Investigation of Royal Dutch Shell's Disclosures of Risks Related to its Operations in the U.S. Arctic Ocean

Dear Chair White:

Oceana and the University of Chicago Abrams Environmental Law Clinic request that the United States Securities and Exchange Commission (SEC) investigate statements and omissions in the regulatory filings of Royal Dutch Shell plc (Shell) regarding its prospects in the U.S. Arctic Ocean. Shell did not fully or timely disclose material litigation threatening its Arctic Ocean program or fully disclosed the risks from a catastrophic accident resulting from its activities in the region. These deficiencies in the company's disclosures warrant investigation pursuant to Section 10(b) of the Securities Exchange Act of 1934, Section 17(a) of the Securities Act of 1933, and Rule 10b-5.

As the attached memorandum describes fully, Shell's disclosures about its Arctic Ocean program are material and warrant priority attention from the SEC. Investors need full disclosure of the risks and challenges of Shell's activities to assess properly the company's prospects in pursuing energy resources in the Arctic Ocean. Investigation, and ultimately enforcement, by the SEC of material misstatements and omissions in Shell's regulatory filings would protect investors. Given the growing interest in the Arctic region, highlighting Shell's failures by enforcing existing rules could also help ensure better disclosure in the future by the industry as a whole.

Shell has not disclosed material litigation that threatens its Arctic program.

Shell's filings present what appears to be, at best, a misleading picture of the company's activities in the U.S. Arctic Ocean. Through its subsidiaries Shell Gulf of Mexico, Inc. and Shell Offshore, Inc., Shell spent billions of dollars between 2005 and 2008 to purchase leases in the Chukchi and Beaufort seas, offshore of Alaska. These acquisitions followed the company's disclosures in 2004 that it had overstated proven reserves and engaged in other improper accounting practices. Since purchasing the leases, Shell has consistently identified the Arctic Ocean as a strategic priority for exploration, long-term production, and research and development. The company has also spent billions of dollars more—including expenditures to purchase, fabricate, and lease equipment—repeatedly seeking to drill exploration wells on some of those leases. Despite these investments, Shell has yet to complete a single exploration well.

Shell's failures have been caused in part by litigation that threatens its entire Arctic program and by its own inability to assess and mitigate risk effectively. Government plans, lease sales, and exploration approvals related to Shell's plans in the Arctic Ocean have been subject to a series of court challenges brought by Alaska Native entities, local government bodies, and conservation organizations. Some of these lawsuits could have resulted in Shell's leases—and, therefore, its investment—being voided, and several resulted in substantial delays that Shell itself has admitted threaten its Arctic Ocean program. Nonetheless, Shell's annual reports reveal a pattern of failing to disclose this material litigation for years.

Shell has not fully disclosed the potential risks from a catastrophic accident that could result from its activities in the region.

As the 2010 *Deepwater Horizon* tragedy in the Gulf of Mexico demonstrated, exploration drilling creates the real risk of a catastrophic accident. The *Deepwater Horizon* exploded and sank, killing 11 people and causing millions of gallons of oil to spill, uncontrolled, into the Gulf over 89 days. A spill of that magnitude in the Arctic Ocean could devastate sensitive ocean ecosystems and communities that depend on them and would likely result in costs to Shell of at least tens of billions of dollars. Response and clean up would be hindered—or even be made impossible—by ice, weather, darkness, and the lack of infrastructure in the remote and dangerous Arctic.

Notwithstanding this reality, Shell's annual reports provide only boilerplate generalities about the potential for such an accident and state that the company has a sufficient plan for response and clean up. Shell does not disclose that the techniques it proposes to use have not been fully tested in Arctic conditions or that they are unlikely to be effective even if they can be deployed. Nor does Shell fully disclose serious problems it encountered with its equipment or provide any realistic estimate of the likely cost to the company as the result of a spill or how it would finance that expense.

These risks are not speculative. Shell's efforts to drill exploration wells in 2012 resulted in a series of equipment failures, legal and regulatory violations, fines, and, ultimately, the grounding of a drill rig off an island near Kodiak, Alaska. A Coast Guard investigation determined that Shell had failed to properly "assess or mitigate risks." Despite these failures, Shell has continually asserted that its "2012 exploration drilling operations in the Arctic were conducted safely, and with no serious injuries or environmental impact." Glossing over the significant complications and near disaster that resulted from its 2012 efforts is indicative of the company's broader unwillingness to accept responsibility or fully disclose risks.

SEC Investigation Is Warranted

Now is the time to address these issues, which are important not only to Shell, but also to the entire industry. In addition to Shell, ConocoPhillips, Statoil, and other oil companies have invested heavily in the Arctic region. Though these companies' exploration programs currently are on hold, there is still the potential for significant industrial activity in the future. The Department of the Interior's recent analysis forecasts that future activity in the Chukchi Sea will

produce 589 wells and 4.3 million barrels of oil. The agency also predicts a 75% chance of a major spill occurring along the way. The SEC's attention to this matter will help ensure that investors benefit from improved disclosure about all of these companies' plans and activities.

With the Arctic region in the world's eye in international discussions about climate change, resource development, cultural continuity, and conservation, the United States is poised to demonstrate leadership. The United States, as Chair of the Arctic Council, has the opportunity to foster fully informed debate about whether and under what conditions resource extraction could occur. Fair disclosure of material risks can and should be an important part of that process.

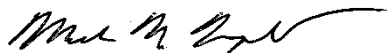
The federal government has already taken certain steps to recognize the significant value in the Arctic, the challenges inherent in making good management choices, and the difficulties in mounting significant industrial activities there. A formal investigation into Shell's disclosure of risks will help further those vital goals.

Thank you for your careful attention to this critical issue. We look forward to hearing from you soon.

Sincerely,



Andrew Sharpless
Chief Executive Officer
Oceana



Mark Templeton
Associate Clinical Professor of Law and
Director of the Abrams Environmental Law Clinic
University of Chicago Law School