



INTEGRATED GAS

LIQUEFIED NATURAL GAS

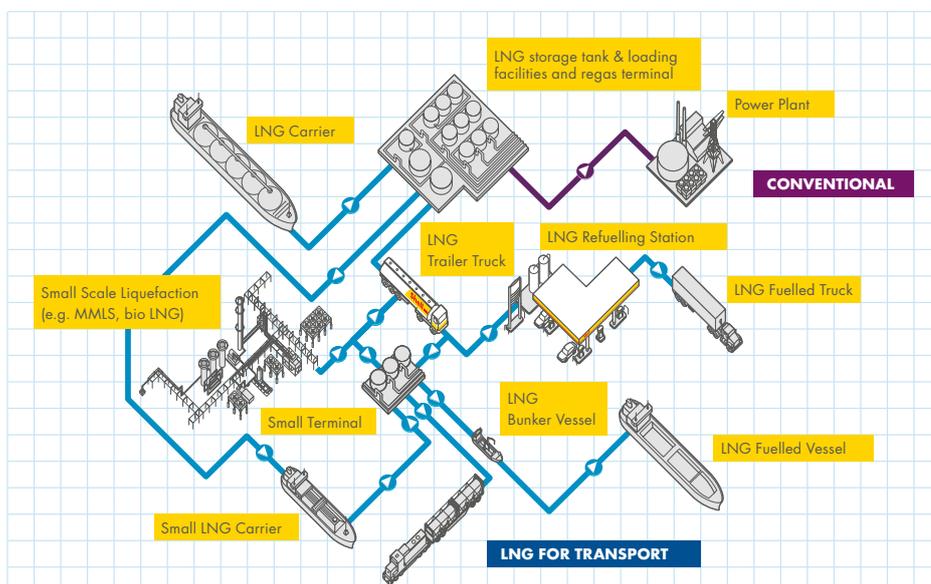
SHELL IS A PIONEER AND A LEADER IN THE LNG INDUSTRY WITH OVER 50 YEARS OF EXPERIENCE.

WHAT IS LNG?

Natural gas can be a major source of energy, but many cities and industries that need the energy are located far from the gas fields. Transporting gas by pipeline can be costly and impractical in some situations. To make it easier to transport and store the gas, we cool it to a liquid, i.e. liquefied natural gas (LNG).

LNG is a clear, colourless, non-toxic liquid that forms when natural gas is cooled to around -162°C (-260°F). This shrinks the volume of the gas 600 times, making it easier to store and transport to markets around the world.

When LNG reaches its destination, it is returned to a gas at regasification facilities. It is then piped to homes, businesses and industries.



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LNG is rapidly playing a bigger role in the energy mix, with global demand expected to increase from about 240 million tonnes per annum (mtpa) to approximately 430 mtpa in 2025*. The LNG market is expected to grow at approximately 5% per annum.

A LEADER IN LNG

As a pioneer of the LNG sector, Shell was involved in the world's first commercial LNG plant in Algeria in 1964 and has been designing and building such plants ever since. Floating LNG is a recent example of Shell achievements in developing new gas technologies.

Our LNG expertise goes beyond liquefaction plants. We are involved in every stage of the LNG value chain: from the upstream (finding the fields and extracting the gas from them) to the downstream (liquefying the gas), shipping, turning the LNG back into gas and distributing it to customers. We have the necessary logistical, contractual, financing and marketing skills to put together a complex LNG mega-project and make it happen. That breadth of expertise is essential in creating confidence with key stakeholders: investment banks, contractors, partners and resource-holding nations.

LNG SHIPPING AND TRADING

Shell is well placed to add value through gas market opportunities by supplying contracted customers from multiple Shell LNG sources rather than a single point.

Shell has the largest LNG portfolio among international oil companies. We delivered more than 30 million tons of LNG in 2014, which includes both Shell directly managed and joint venture marketed volumes. This is expected to grow substantially once future projects are completed. In addition to our entitlement of LNG from plants in which we own an equity stake, Shell also sources LNG via purchase agreements from a variety of sources.

Shell is also one of the largest LNG ship operators in the world. We manage and operate 44 of the world's LNG carriers, around 11% of the global fleet.

LNG AS A TRANSPORT FUEL

LNG is now emerging as a cost-competitive and cleaner fuel for shipping, and heavy-duty road transport. In the future, we expect it also be used for rail, mining, and electricity generation.



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* Based on forecast of demand by 2025