



Shell Exploration & Production

December 4, 2006

Attention: Attached are the Invoice Requirements for the Shell Exploration & Production Co. (SEPCo)¹ and the Process for Returning Non-Compliant Invoices to Suppliers. Please ensure that all applicable parties within your company that are involved with the process of creating invoices and collecting receivables are aware of the changes.

Effective January 15, 2007 SEPCo will begin rejecting and returning invoices received as of that date that do not meet the minimum requirements as specified in this communication. Many of these requirements have previously been communicated however as of the effective date we will begin to enforce these requirements. The process within SEPCo for rejecting and returning non-compliant invoices will also be used for returning invoices that are compliant with the data requirements but are rejected as a result of a business dispute. Whatever the reason for rejecting an invoice the process will include timely notice to the supplier along with a copy of the invoice and a reason for the return.

There are three (3) sections contained in this communication package:

1. Invoice Requirements and Reasons for Rejecting Invoices
2. Process for Returning Invoices to Suppliers
3. Addresses for the SEPCo PO Boxes

Note that "Section 1" provides the minimum requirements for accepting & processing invoices. Providing additional information that assists the business like the name of Production Unit, Platform, Order #, Rig Name, Well Name, Project or Network # should continued to be referenced on the invoices as it helps to ensure on-time payment.

Should you have any questions regarding the requirements detailed in this communication please contact your respective SEPCo Buyer.

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Shell Exploration & Production Co.

¹ These requirements are for invoices submitted to the **Shell Exploration & Production Company** (SEPCo). In this communication while you may see the term "SEPCo" or "Shell" it is meant to include the following affiliates and subsidiaries: **Shell Offshore Inc.**, also referred to as "SOI"; **Shell Rocky Mountain Production Company**, also referred to as "SRMP"; **Shell Frontier Oil & Gas Inc.**, also referred to as "SFOGI"; **Shell Western Exploration and Production** also referred to as "SWEPI", **Shell Offshore Gas Pipelines LLC**, **Shell Gulf of Mexico, Inc.** also referred to as "SGOMI", all of which may collectively be referred to as "Shell".



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Section 1 - Invoice Requirements and Reasons for Rejecting Invoices

Invoices will be considered non-compliant for the following reasons:

No	Reason	Additional Description
1	No Purchase Order Number	<p>All invoices for materials and services must reference their respective SEPCo Purchase Order (PO) number.</p> <p>SEPCo PO Numbers, which are 10 characters in length, begin with one of the following prefixes:</p> <ul style="list-style-type: none">• “451”• “49” <p>The following PO Number prefixes <u>are not compliant</u> and are no longer used by SEPCo:</p> <ul style="list-style-type: none">• “450”• “43”• “46” <p>If you have any questions regarding the appropriate PO number(s) for your company please contact your respective Buyer.</p>
2	No Responsible Shell Contact Identified for Invoices that Reference Purchase Orders Beginning with “49”.	<p>PO’s that begin with “49” are set up to cover a broad number to users for many different jobs thus a “Shell” contact (e.g., Engineer, Foreman, Supervisor, Manager etc.) is a requirement and must be referenced so that proper verification and approvals can be obtained.</p> <p>Note: When Shell initiates work verbally in reference to a PO that begins with “49” the “contact” to be referenced on the invoice may not be the same person who requests the work. Be sure to clarify with the requestor who the “contact” is to be referenced on the invoice.</p> <p>Providing additional information that assists the business like the name of Production Unit, Platform, Rig Name/#, Well Name/#, Network #, Work Order #, Project should continue to be referenced on the invoices as it helps to ensure on-time payment.</p>



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No	Reason	Additional Description
3	No Invoice Number Referenced on the Document	Suppliers must reference a unique invoice number on each invoice.
4	Individual Items are not Priced and/or a Summarized Total Does Not Exist on the Document	<p>Items contained on the invoice are to be individually priced and a summarized total is to be clearly indicated.</p> <p>Each line item on the invoice is to be uniquely identified by a:</p> <ul style="list-style-type: none"> • Description • Quantity • Unit Price • Extended Value² • Applicable Sales or Use Taxes <p>² Extended Value = Quantity x Unit Price</p>
5	An Additional Item is on the Invoice that Does Not Exist on the PO. This is for Material PO's that Begin with "451".	Items contained on the invoice must be in reference to items from Shell's PO. If additional items have been requested by Shell personnel that are not confirmed on the PO you must validate with the respective Buyer that these items are legitimately on the PO before they are included on the invoice.
6	An Invoice in Reference to a PO That Begins with "49" Contains Charges for More Than One SEPCo Department.	<p>Charges for different departments (e.g., Wells and Construction) must be separated on unique invoices.</p> <p>There are different PO Boxes, support groups and approval routes for different SEPCo departments. Thus having charges for two different departments on the same invoice can't be processed.</p> <p>As noted above in #2 a contact on the invoice that references a PO beginning with "49" is required, this contact should be able to clarify their respective department and thus the appropriate PO Box.</p> <p>Note: PO's that begin with "451" already have the departments segregated.</p>



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No	Reason	Additional Description
7	A Credit for One Job is Combined on an Invoice with a Debit for a Different Job.	<p>Credits are to be submitted on separate documents unless the supplier is sure that the credit is for the same Shell job contained on the invoice. Be sure to verify with your Shell contact prior to mixing credits and debits on the same document.</p> <p>When credits are submitted please reference your original invoice number if applicable.</p>
8	The Supplier's Name on the Invoice is Different than the Name on the Purchase Order.	<p>Many suppliers operate under multiple company names for various reasons (e.g., acquisitions, separate P&L accountability, etc.) but in order to avoid potentially paying the wrong company the name on the Invoice needs to match the name on the PO.</p> <p>Note: Corporate family names are acceptable similar to the way "Shell" is used for affiliates or subsidiaries as long as the parented name is easily identifiable on the invoice. Likewise "Doing Business As" (dba) extensions are acceptable.</p> <p>Questions regarding acceptable naming should be directed to your respective Buyer.</p>
9	The Respective Shell "PO Box Number" is not referenced on the first page of the invoice.	<p>The Shell PO Box Number must be referenced on the first page of each invoice as this determines for which department the invoice is intended.</p> <p>Only having the PO Box Number on the envelope is not acceptable as the envelope is discarded when the contents (i.e., the invoice(s)) are removed for scanning.</p> <p>Note: Please be aware that only the "front" of each page is scanned. Thus if you provide any pertinent details (e.g., invoice lines, instructions, Shell's approval signatures, etc.) on the back of any pages it will not be scanned and thus depending on the materiality may cause the invoice to be rejected.</p>



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No	Reason	Additional Description
9	Other Dispute Reasons	In the course of business there are various reasons that an invoice can be disputed. If as the result of discussions between the applicable Shell business contact and the supplier the agreed to resolution requires a new invoice the original invoice in Shell's possession will be rejected and returned.

Section 2 - Process for Returning Invoices to Suppliers

In the event an invoice must be rejected and returned to a supplier the following process will occur:

1. A complete copy of the scanned invoice will be printed by Shell's AP Department.
2. A cover letter, which notes the reason for rejection, will be printed and added to the copy of the invoice.
3. Both the cover letter and a copy of the invoice will be return to the "Remit To" address noted on the invoice.
4. The rejection will be logged in a Shell database for future reference.

We realize that some suppliers have multiple addresses (e.g., address for a head office, regional offices, Remit To location, etc.) however we have chosen to return the invoices to the "Remit To" address. This address was selected because it is presumed that this is where your Accounts Receivable reconciliation is occurring. If an invoice is rejected and returned to your company this department must be made aware of that fact as they are holding open a receivable for SEPCo for which SEPCo's Accounts Payable department is no longer actively tracking. Additionally this department will need to ensure that the necessary corrections have been made before the invoice is resubmitted.



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Section 3 - Addresses for the SEPCo PO Boxes

Invoices, along with all necessary supporting documentation, should be mailed to the following address with the appropriate PO Box referenced depending on the Business Area:

Shell Oil Company
PO Box XXXXXX (see Below)
Houston, TX 77230-YYYY

Business Area	PO Box No.
Wells	301440
Construction/Logistics/HSE/Production	301441
SURE – USA	301442
SEPCo Projects – SIEP Managed	301443
Exploration/IT/Finance	301444

XXXXXX = PO Box Number

YYYY = Last 4 digits of respective PO Box

If you are unsure of which PO Box to send your invoices please contact your respective Buyer.

Note: The use of “**Shell Oil Company**” as the company name for submitting your invoices is acceptable as it is for the purpose of mailing your invoices to one of the PO Boxes referenced above.