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Effect of LNG Imports on Infrastructure

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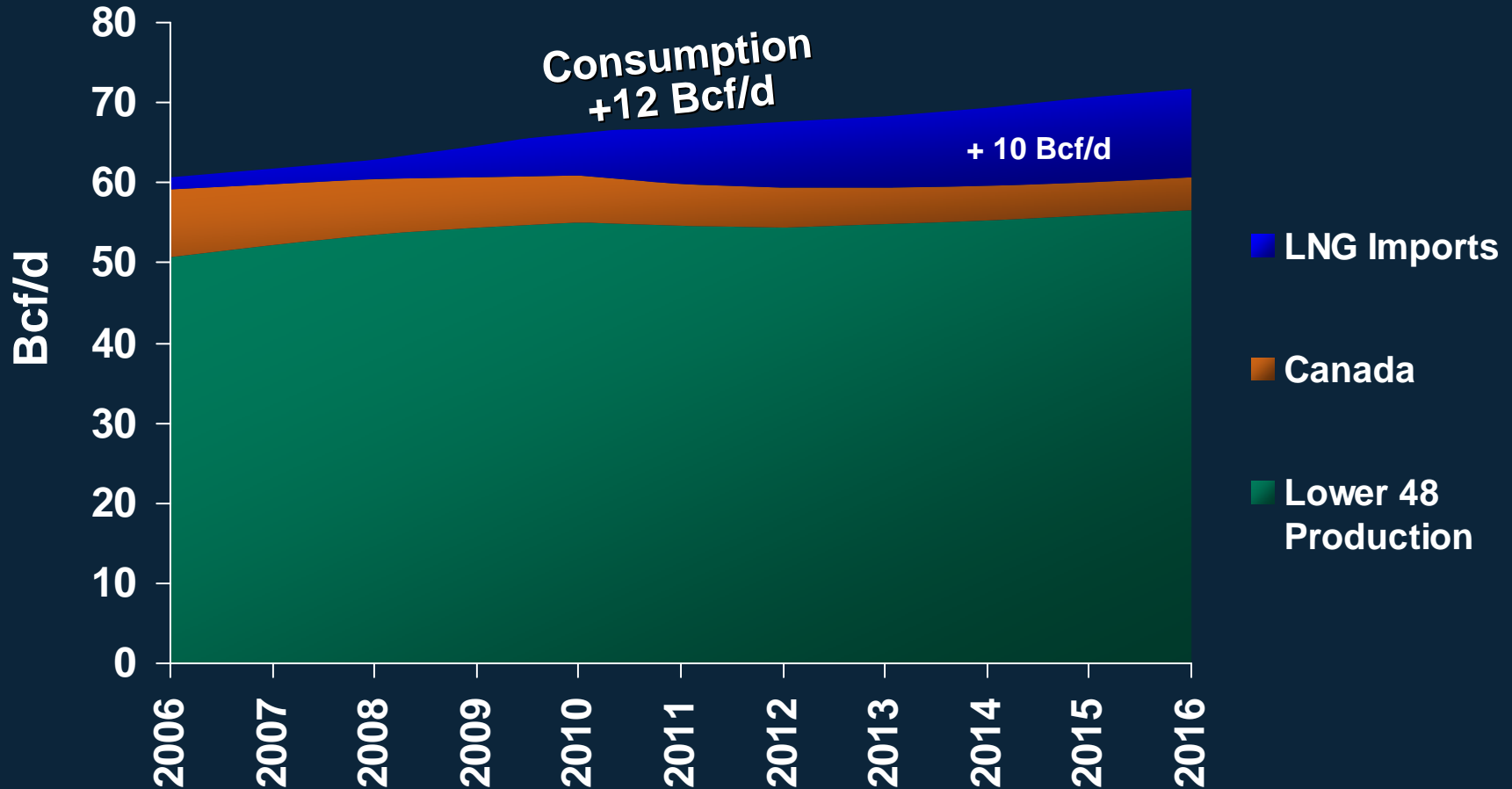
September 18, 2007

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The Import Impetus: Demand Pull

Source of Supply for Lower 48 Consumption



Border Impact: Less Gas Moves South

Volume Change 2006–2016 (Bcf/d)

Demand Outpaces Supply

Western Canada

Production	~(1.75)
Demand	~1.75

Eastern Canada / Maritimes

Production	~(0.25)
Demand	~0.75

LNG into Canada

Imports	~1.00
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Net Exports
~(3.50) Bcf/d

Net Exports
~(1.00) Bcf/d

Mexico

Production	~1.00
Demand	~2.00

LNG into Mexico

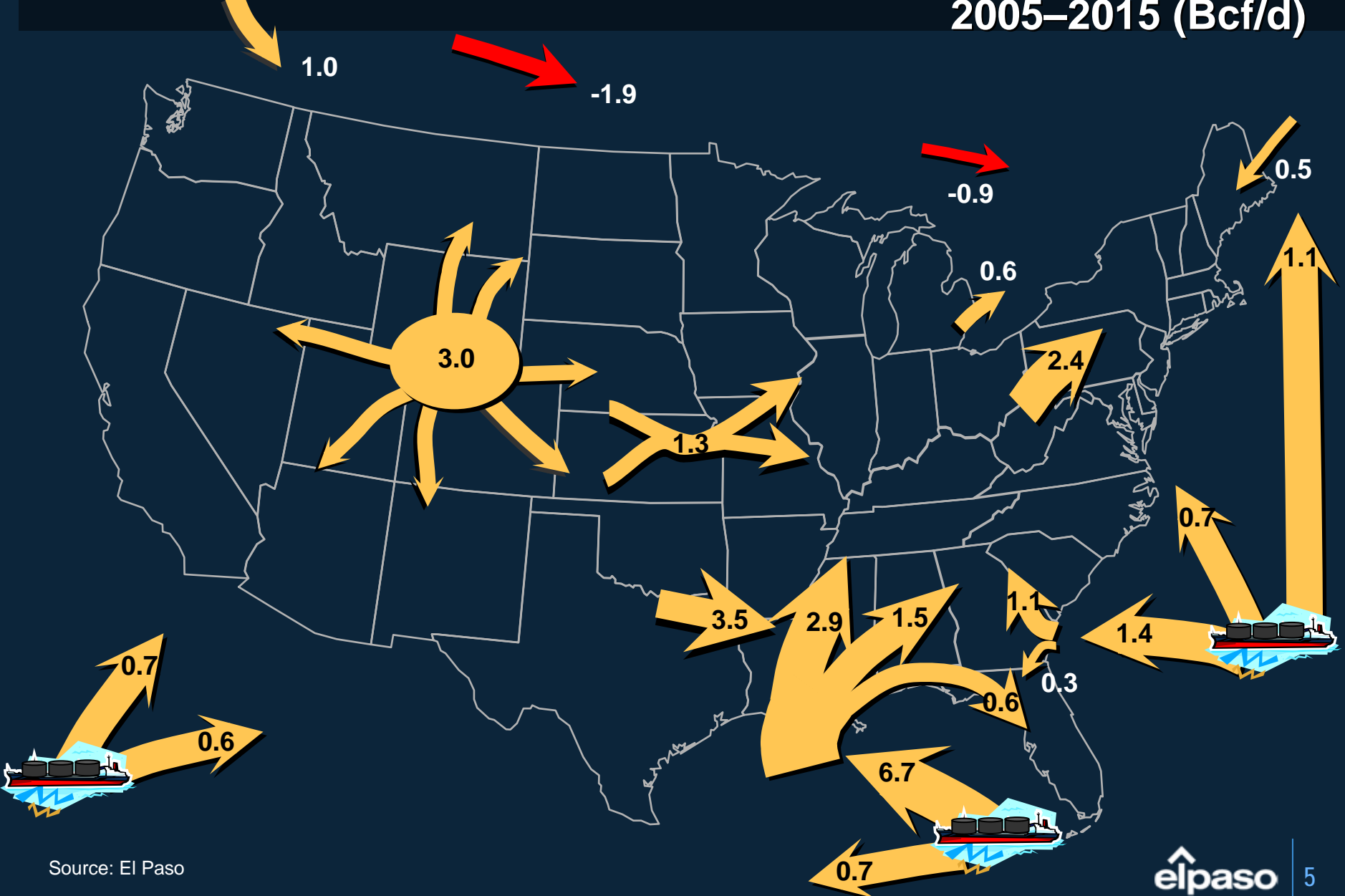
Imports	~2.00
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Supply Outpaces Demand

Supply Changes Push (Pull) Gas Flows

Mackenzie Delta

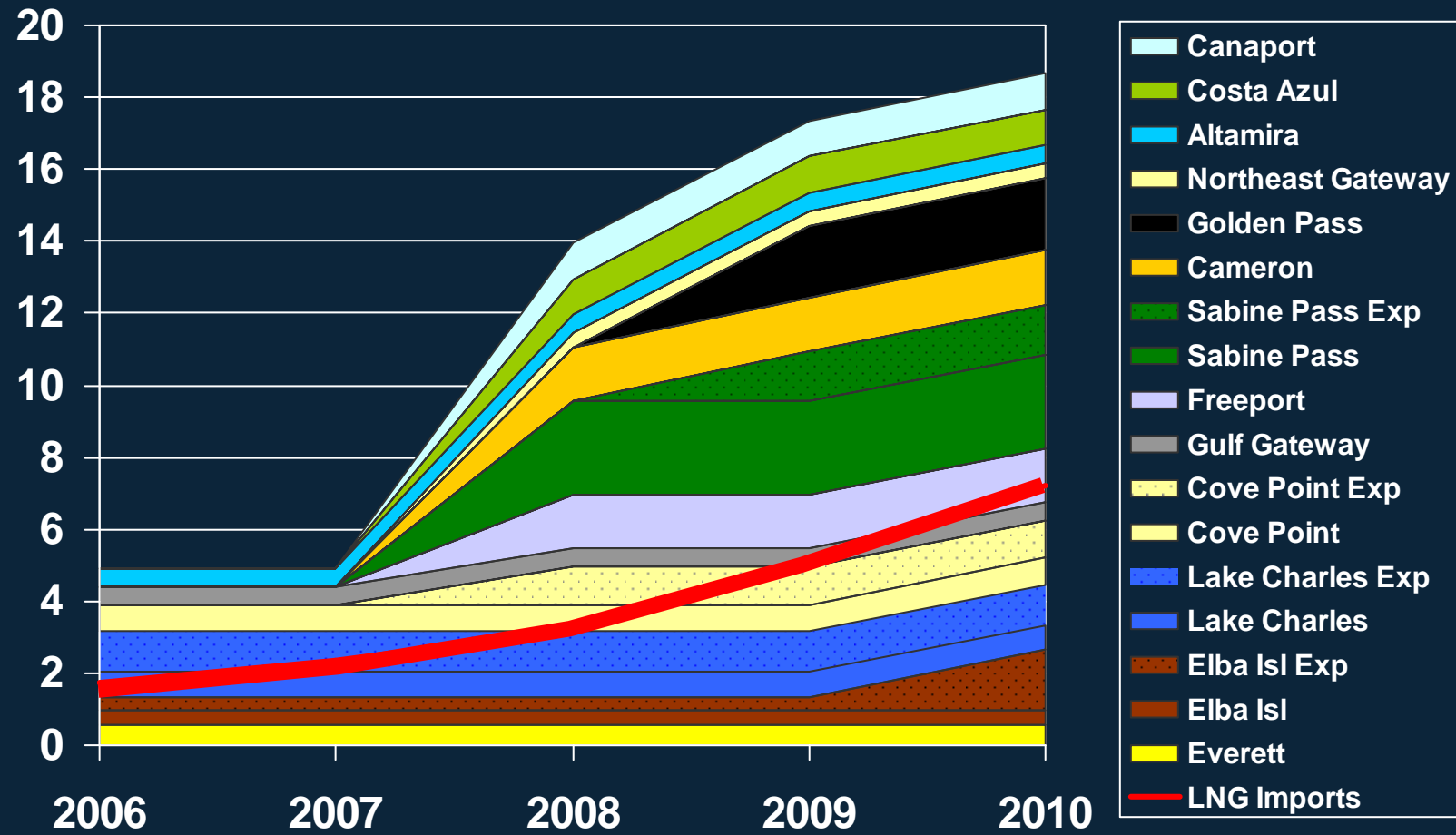
2005–2015 (Bcf/d)



NA Terminal Capacity Growth

In Bcf/d

Current, Contracted Expansions, New Developments

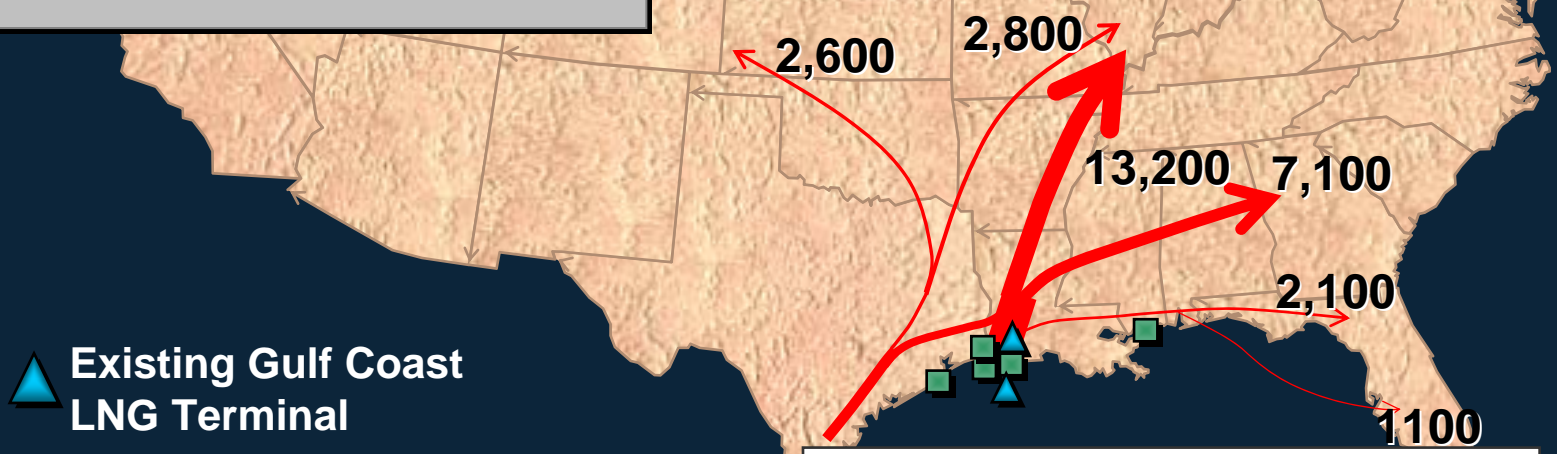


Gulf Coast LNG Platform

In MMcf/d

- Siting
- Take-away Capacity
- Processing and blending
- Offshore facilities
- Portage and shipping lanes

Aggregate Take-away Capacity 28,900 MMcf/d

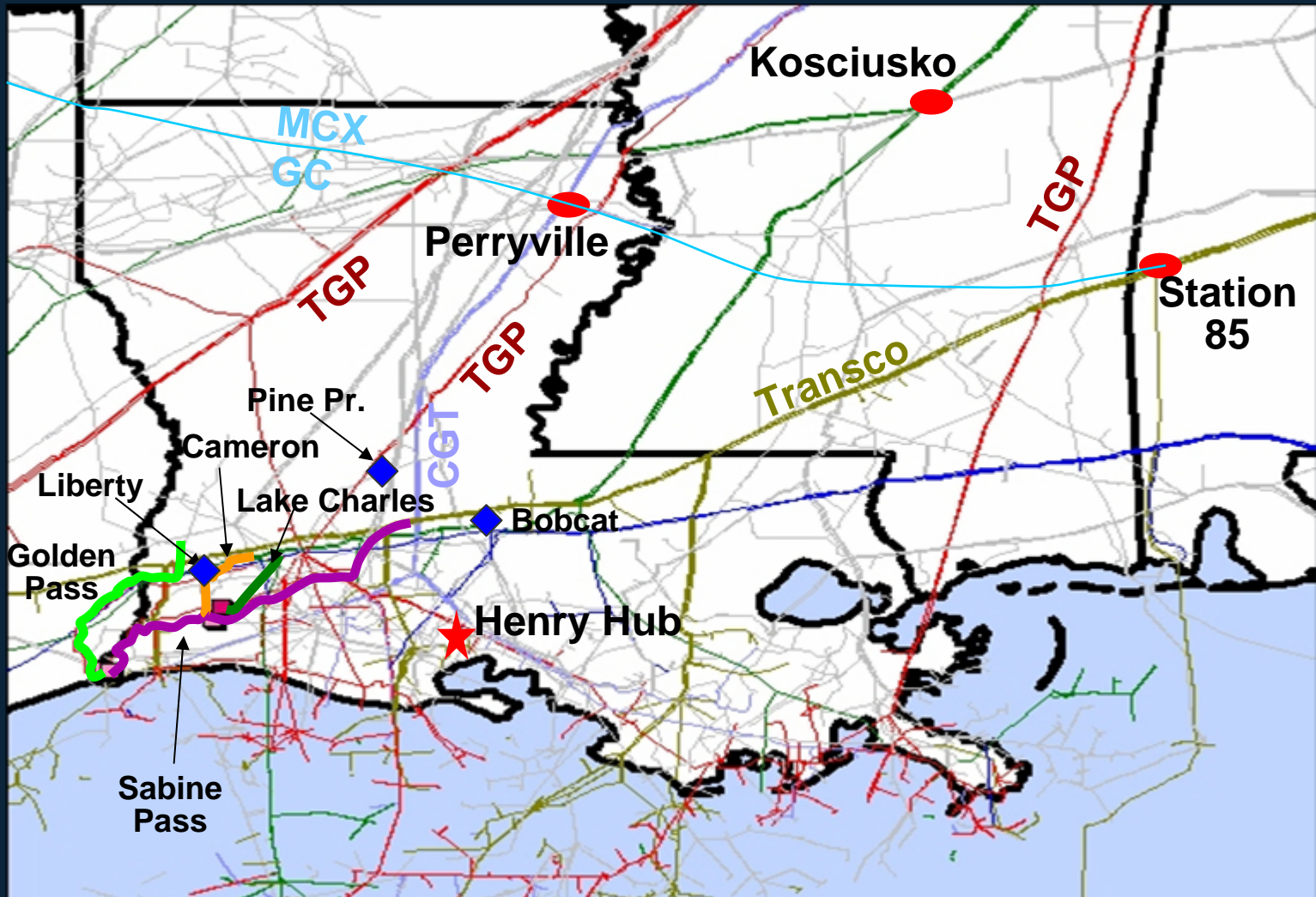


- ▲ Existing Gulf Coast LNG Terminal
- Projected New Gulf Coast LNG Terminal*

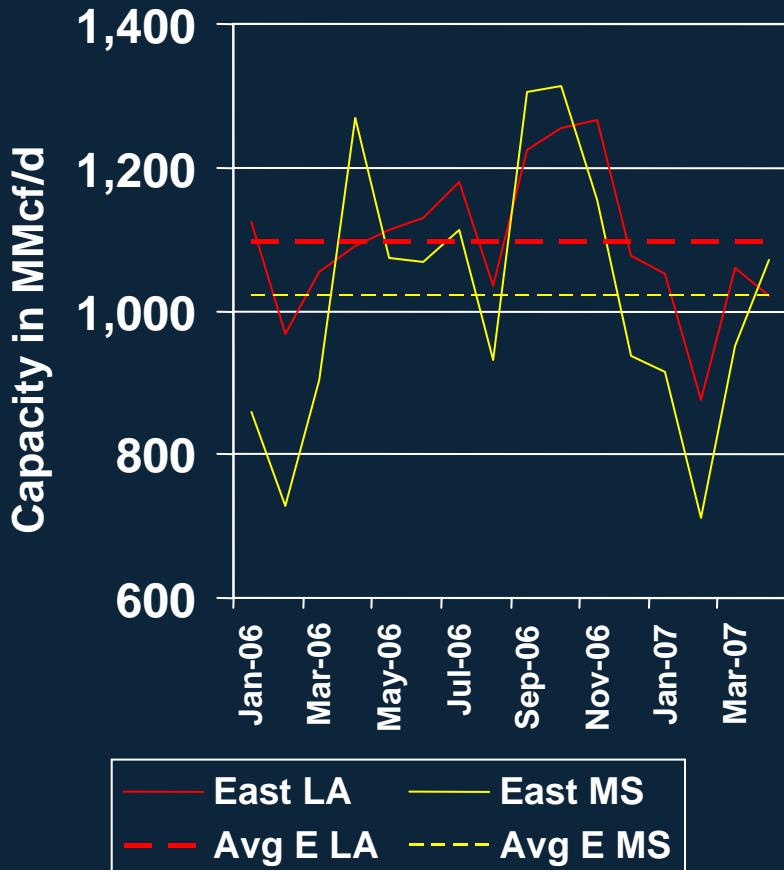
Forecast New Terminal Capacity* 10,400 MMcf/d

* Based on World Gas Intelligence review of proposed projects

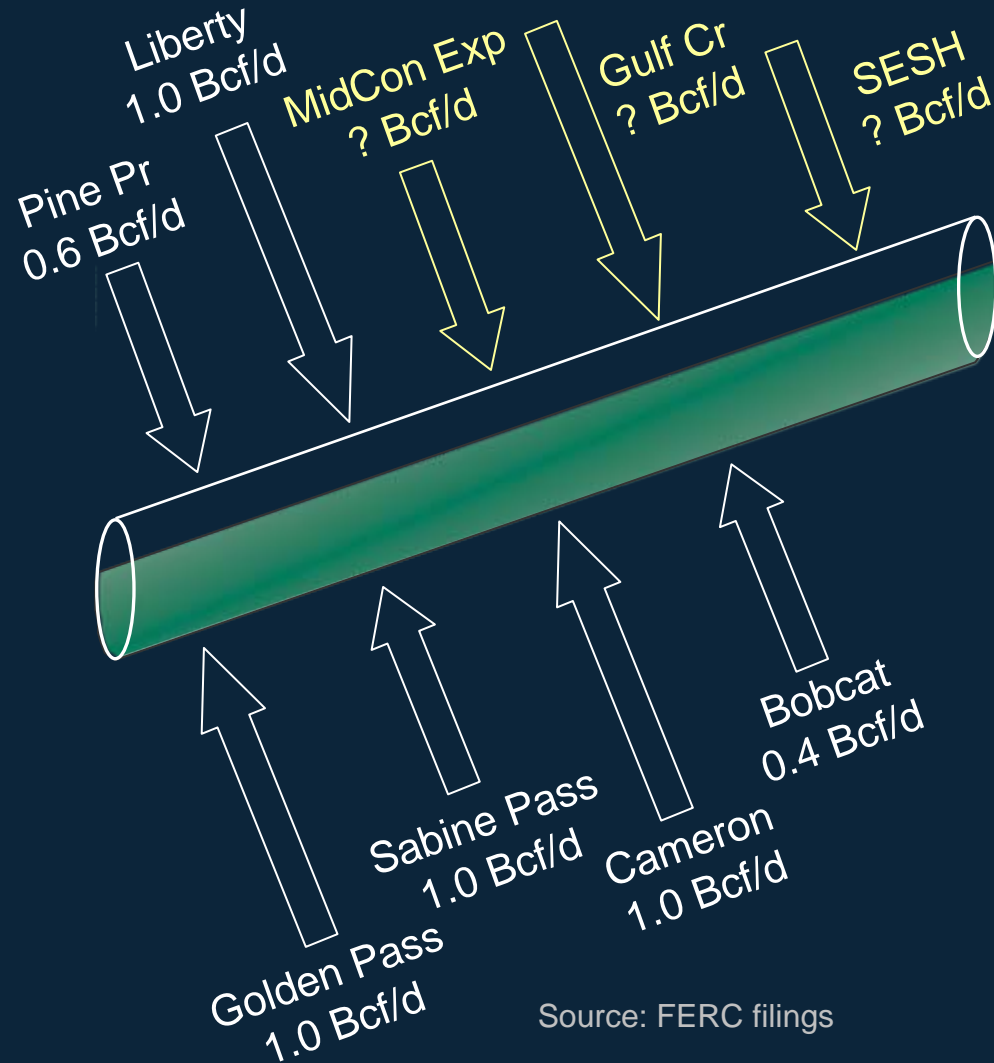
GOM Infrastructure: Congestion & Micro Basis



Unutilized Capacity and Transco

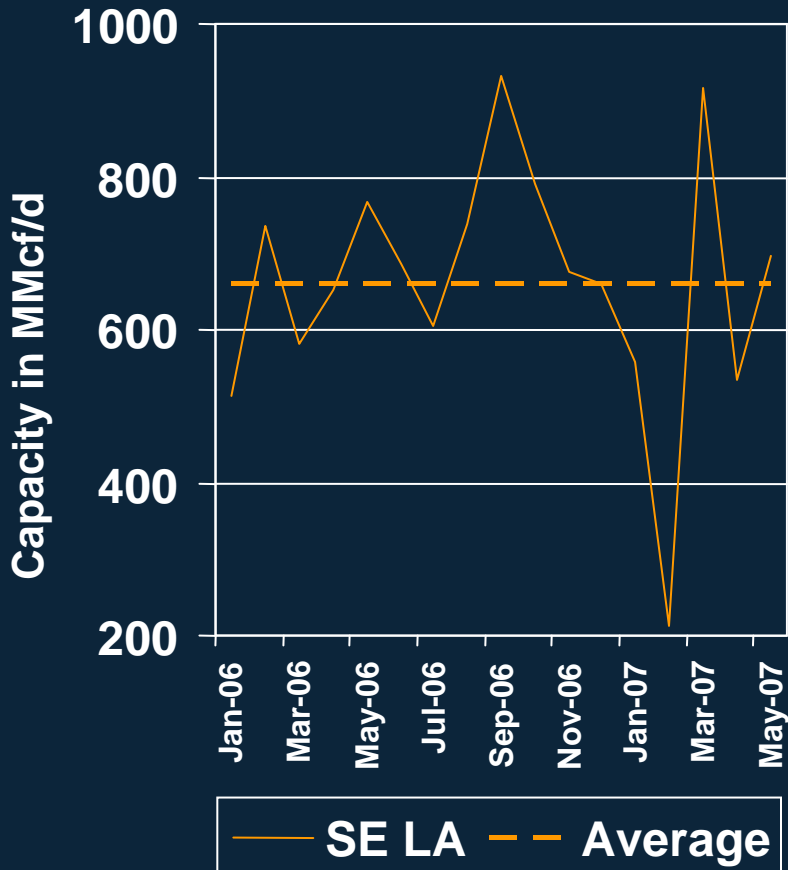


Source: Lippman

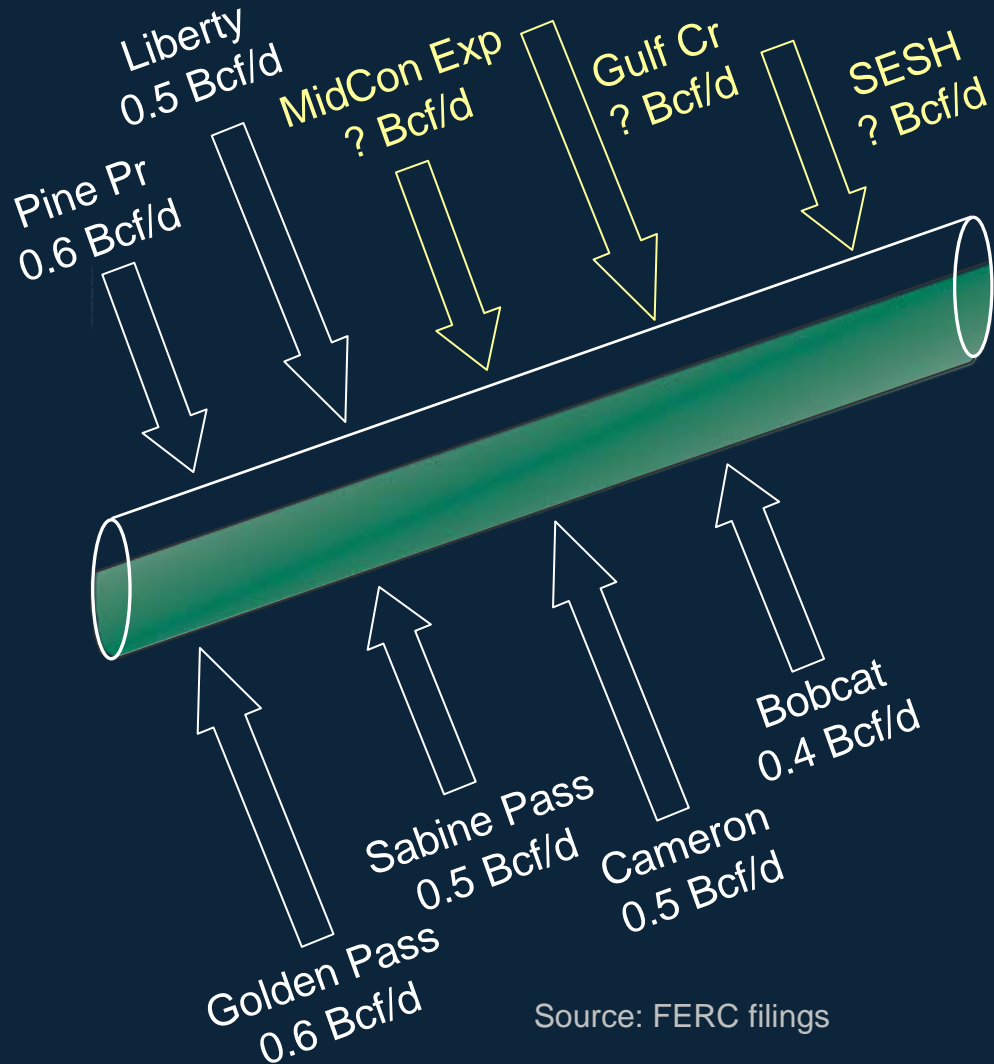


Source: FERC filings

Unutilized Capacity and Tetco



Source: Lippman

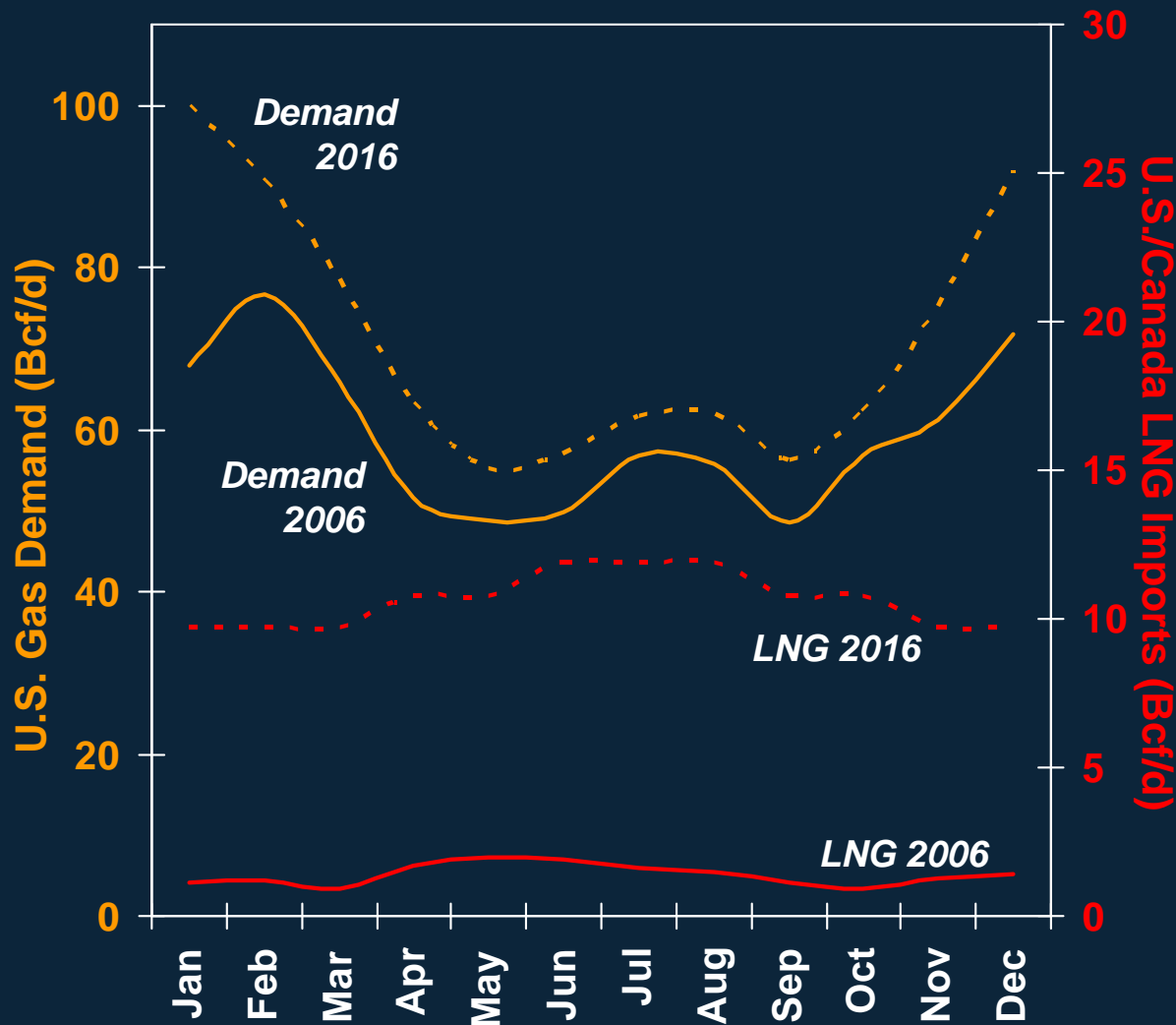


Source: FERC filings

LNG Pipeline Projects



LNG Push to U.S. : Seasonal Variability



Working Gas Storage Capacity

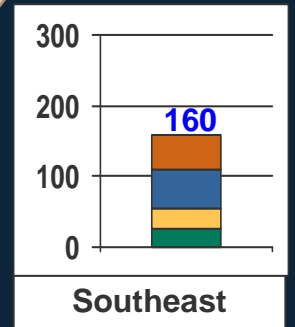
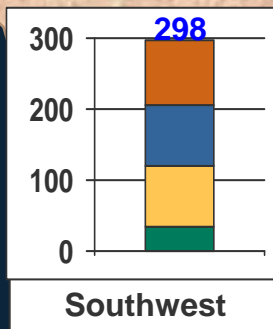
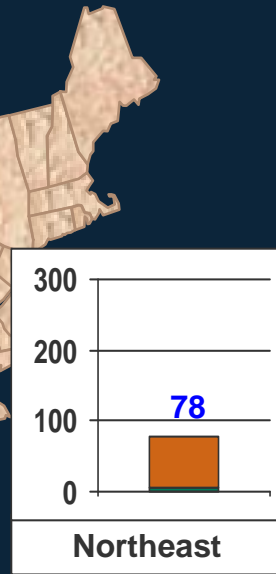
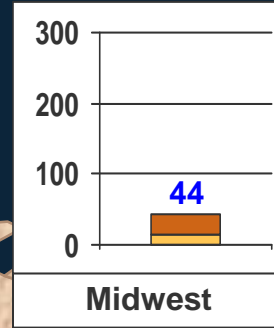
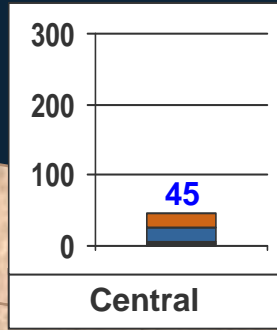
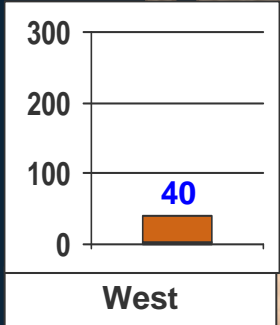
Region	Capacity (Bcf)*
U.S. / Canada	4,850
Europe	2,600
Asia	450

* Estimated by year end 2007

Includes LNG tank storage

Storage: Where Projects Are Developing

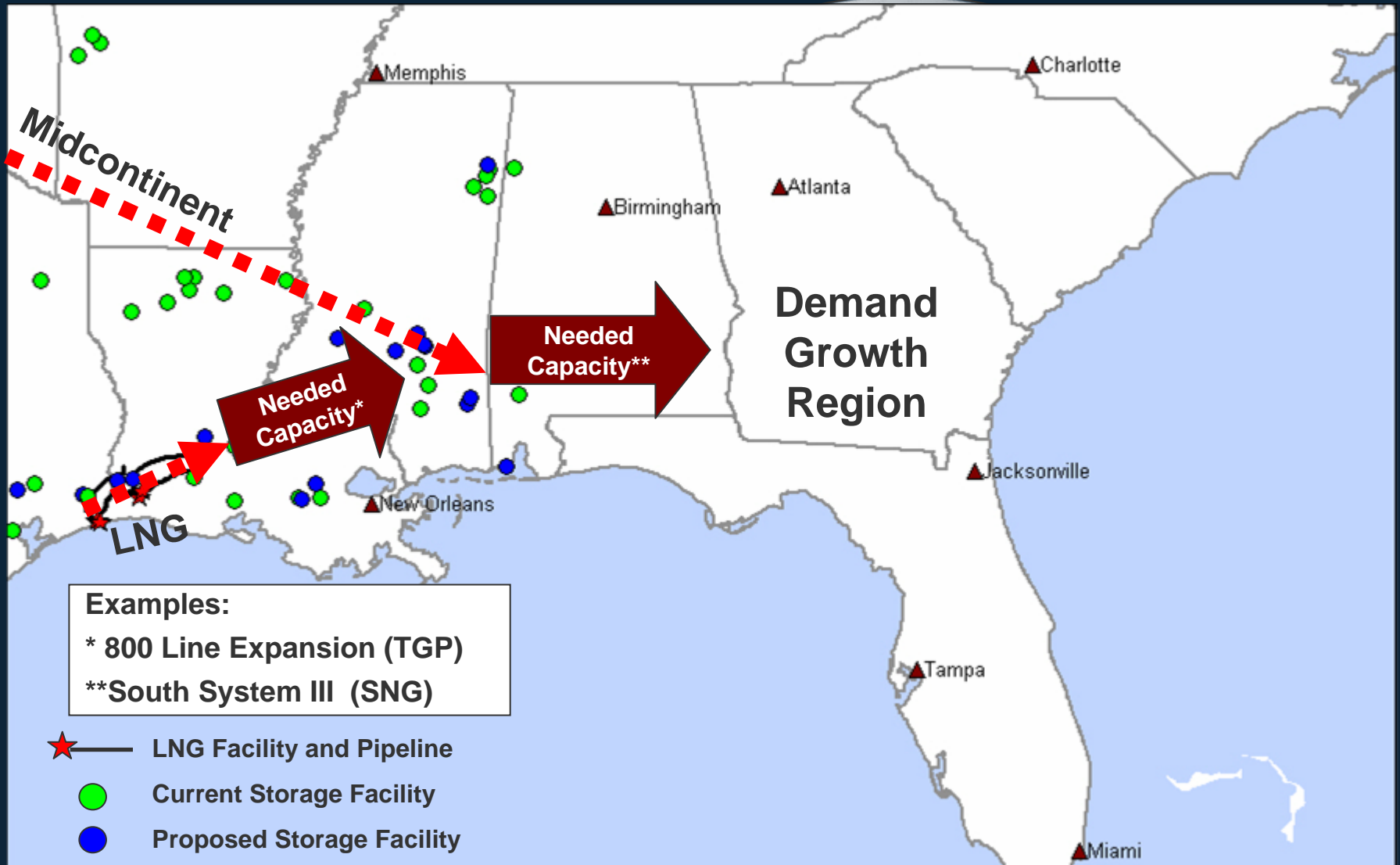
Working Capacity in Bcf



Projects in service after 2007

- Announced/Planning
- Applied
- Approved
- Under Construction

Linking Supply to Storage to Demand



Summary

➤ Return to demand growth

Economy → Electricity → Gas

*Climbing
Consumption*

➤ Supply shift

Rockies (Mid-continent) ↑ , LNG ↑ , Canada ↓

*Changing
Currents*

➤ Increased swing requirements

Demand peaks + Supply variability → Volatility

*Caroming
Curves*

➤ Additional infrastructure

➤ Pipelines ↔ Storage

*Complementary
Capacity*