

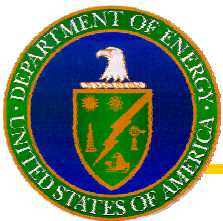


U.S. LNG Import Terminals - Update on Development

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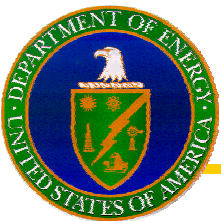
Overview

- U.S. Natural Gas Demand
- U.S. Natural Gas Supply
- Role of LNG in U.S. Natural Gas Supply
- U.S. LNG Terminal Status
- Energy Bill: LNG Provisions

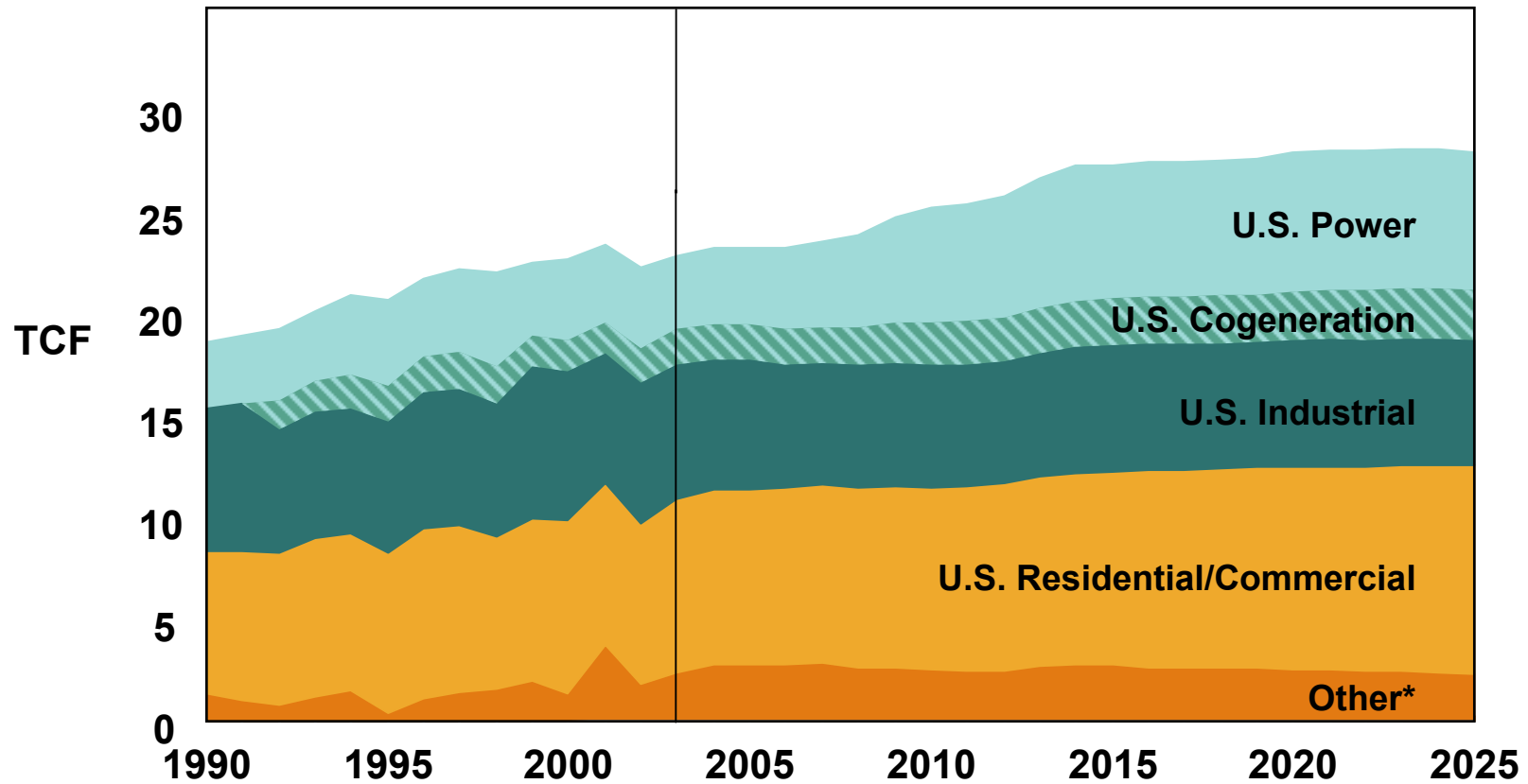


Need for Natural Gas in the U.S.

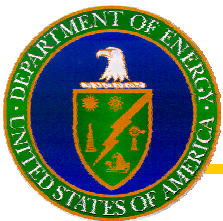
- Natural gas is the fastest growing energy source in the U.S.
- Natural gas supplies approximately 25% of U.S. energy.
- The U.S. consumes about 25% of the world's annual natural gas production.
- Natural gas demand in the U.S. is expected to increase almost 40% by 2025.



U.S. Natural Gas Demand

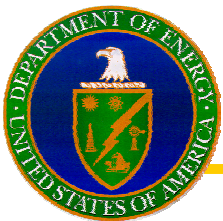
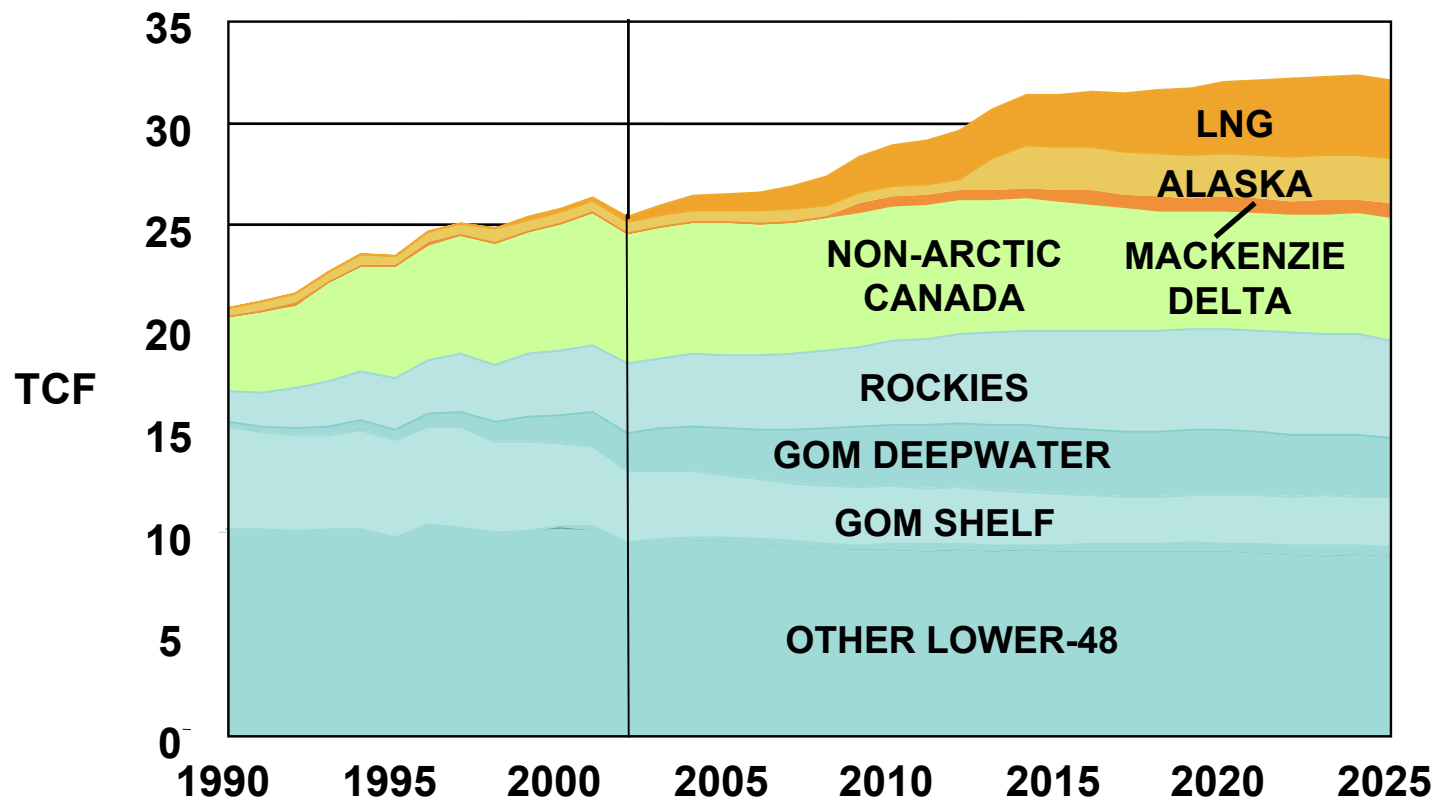


*Includes net Mexico exports, lease/plant/pipeline fuel, and net storage.



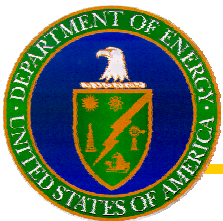
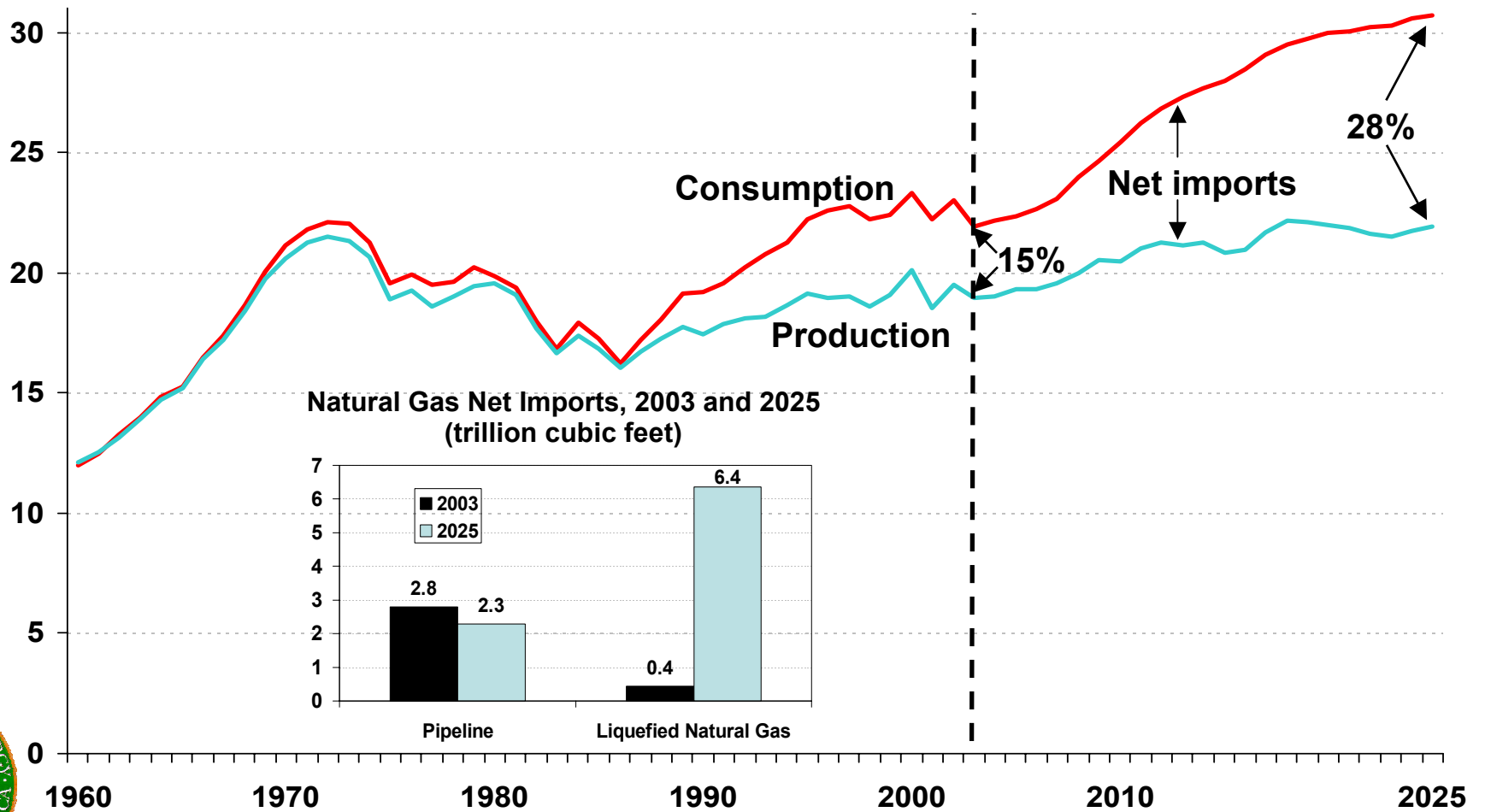
Source: *NPC Natural Gas Study 2003*

U.S. Natural Gas Supply



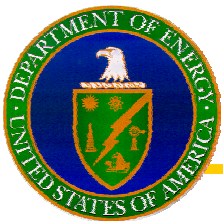
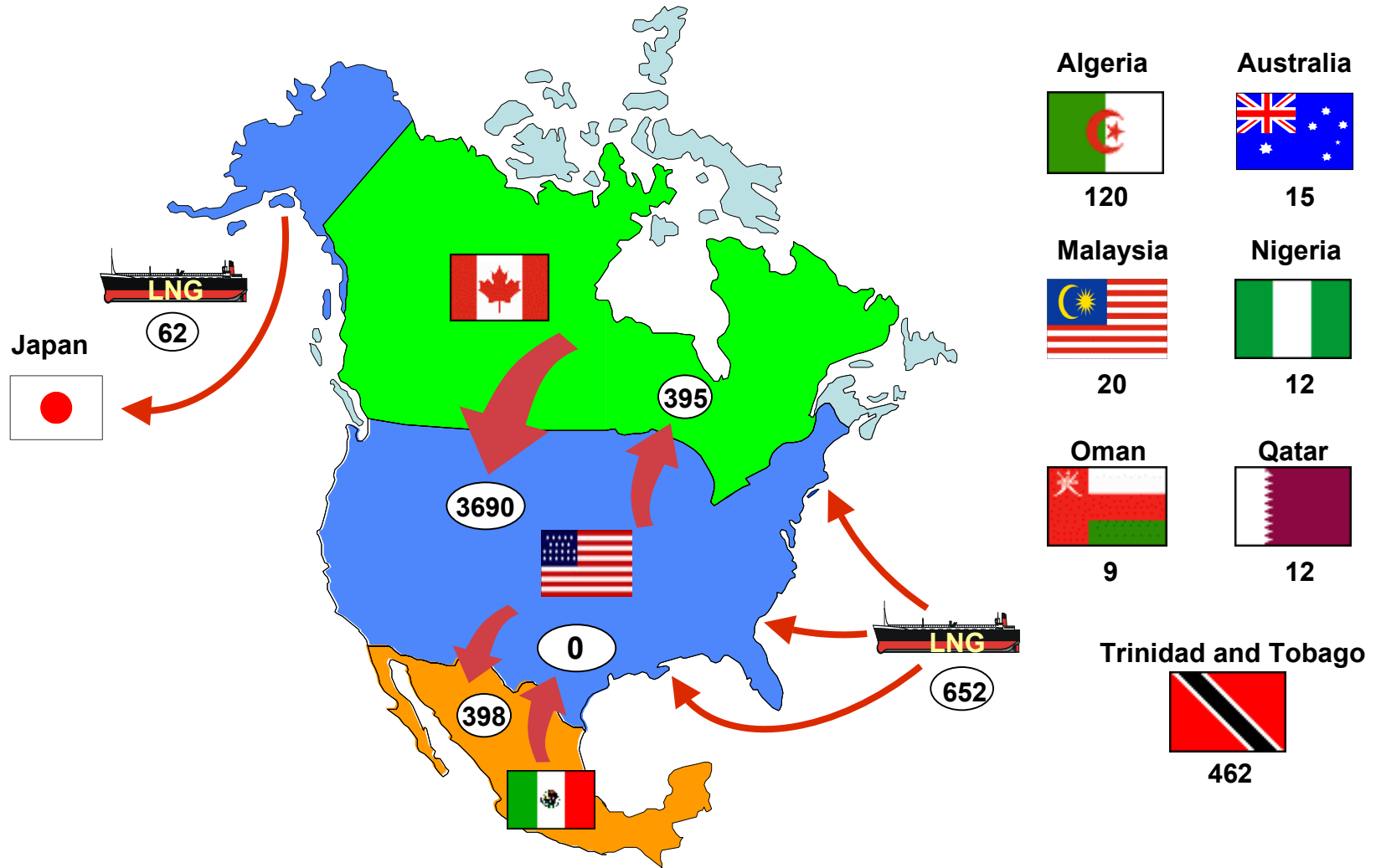
Source: NPC Natural Gas Study 2003

Gap Between U.S. Natural Gas Demand and Supply is Widening



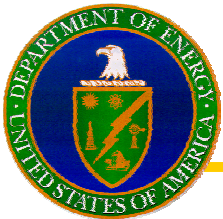
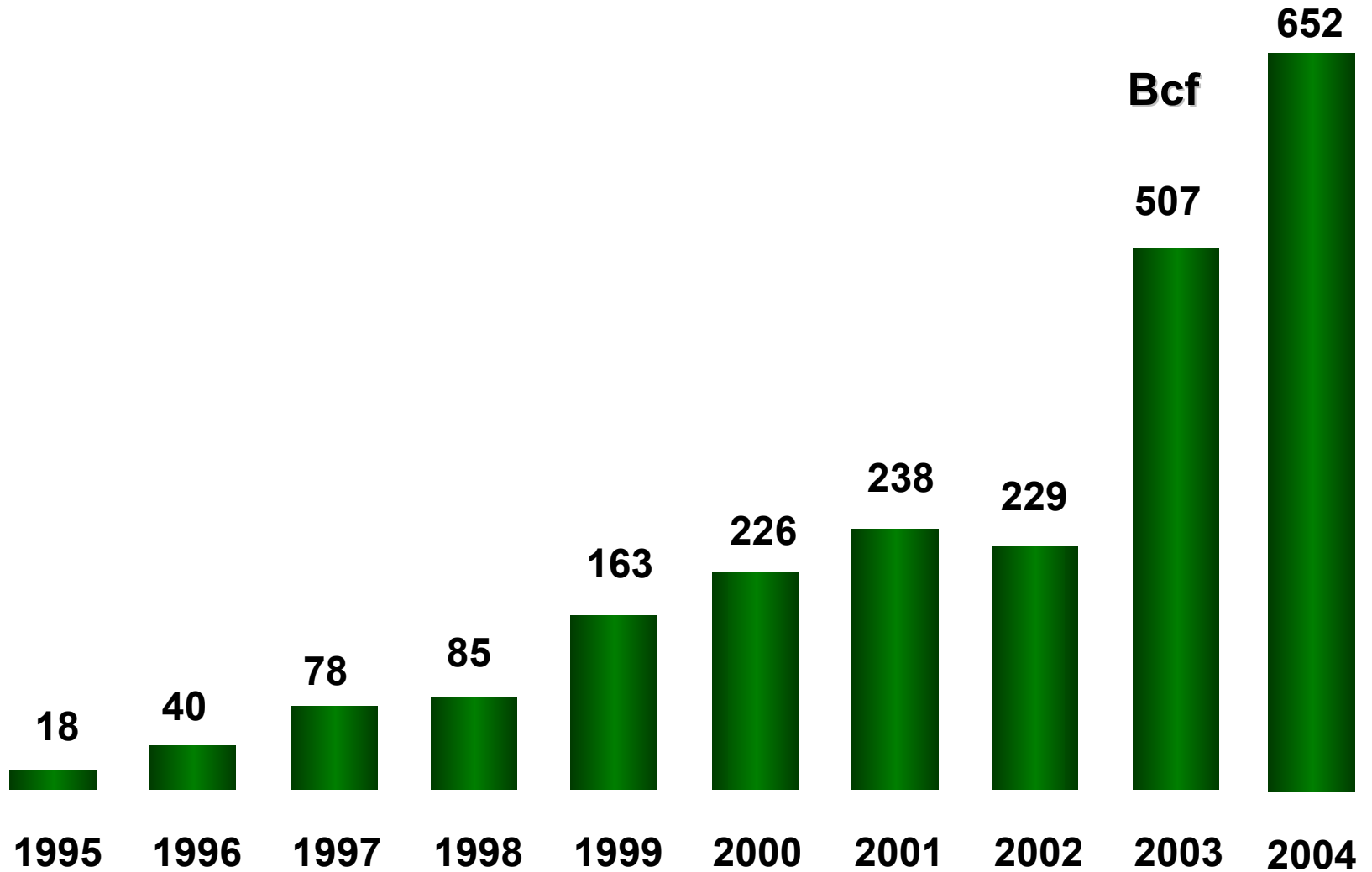
Source: EIA Annual Energy Outlook 2005

Natural Gas Imports & Exports, 2004 (Billion Cubic Feet)



Source: Office of Fossil Energy, U.S. Department of Energy

Historical Annual U.S. LNG Imports



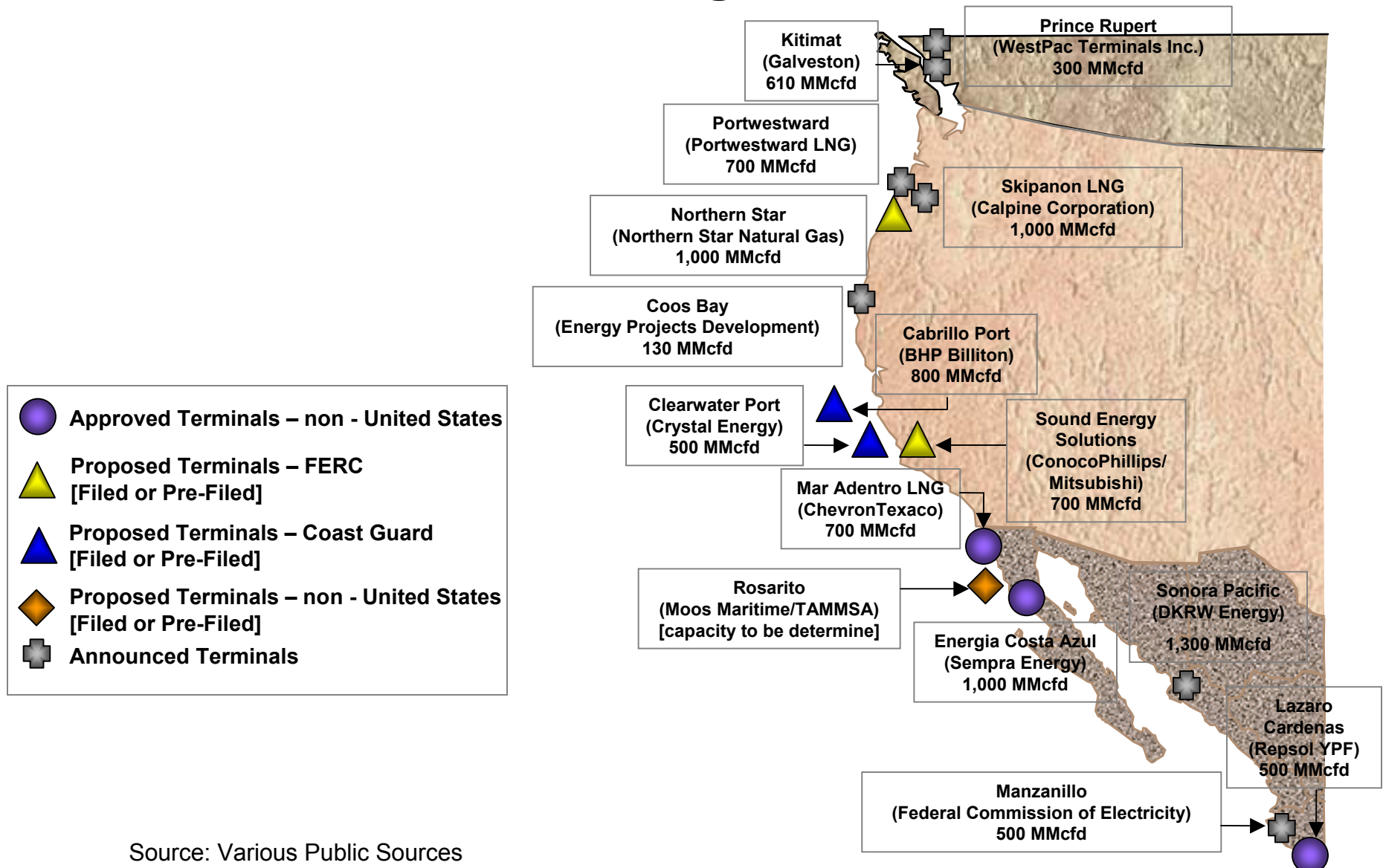
Source: Office of Fossil Energy, U.S. Department of Energy

U.S. LNG Terminal Status

- There are six LNG import terminals operating on the U.S. East and Gulf Coasts and Puerto Rico.
- There is one LNG liquefaction terminal operating at Kenai, Alaska.
- There are no import terminals on the U.S. West Coast.
- Import terminals on the U.S. West Coast would facilitate expansion of LNG market to meet U.S. natural gas demand and would increase LNG trade between Asia Pacific countries and the U.S.



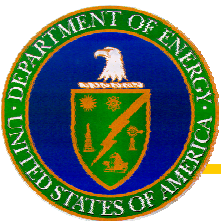
North America West Coast LNG Terminal Status – August, 2005



Source: Various Public Sources

Energy Policy Act of 2005

- Clarifies the Federal authority for siting of new onshore LNG terminals.
- Convenes not less than 3 forums on LNG for public education and dialogue among Federal, State and local officials, and industry representatives.



Energy Policy Act of 2005: LNG Siting Permitting Agencies

- Under the Energy Bill, the Federal Energy Regulatory Commission (FERC) has exclusive authority to approve an application for the siting of onshore LNG facilities.
- Numerous other Federal agencies are involved in the permitting process.
- State and local agencies also have a role in the permitting process.



Summary

- U.S natural gas demand is projected to increase at an average annual rate of 1.5% from 2003 to 2025.
- Traditional North America natural gas supply will not be sufficient to meet the U.S. demand.
- LNG will play a growing role in meeting U.S. natural gas demand.
- Markets will ultimately determine the number of and location of North American LNG import terminals.

