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LNG and its Role in a 30 TCF Market
May 14, 2002

Cautionary Statement Regarding Forward-looking Statements



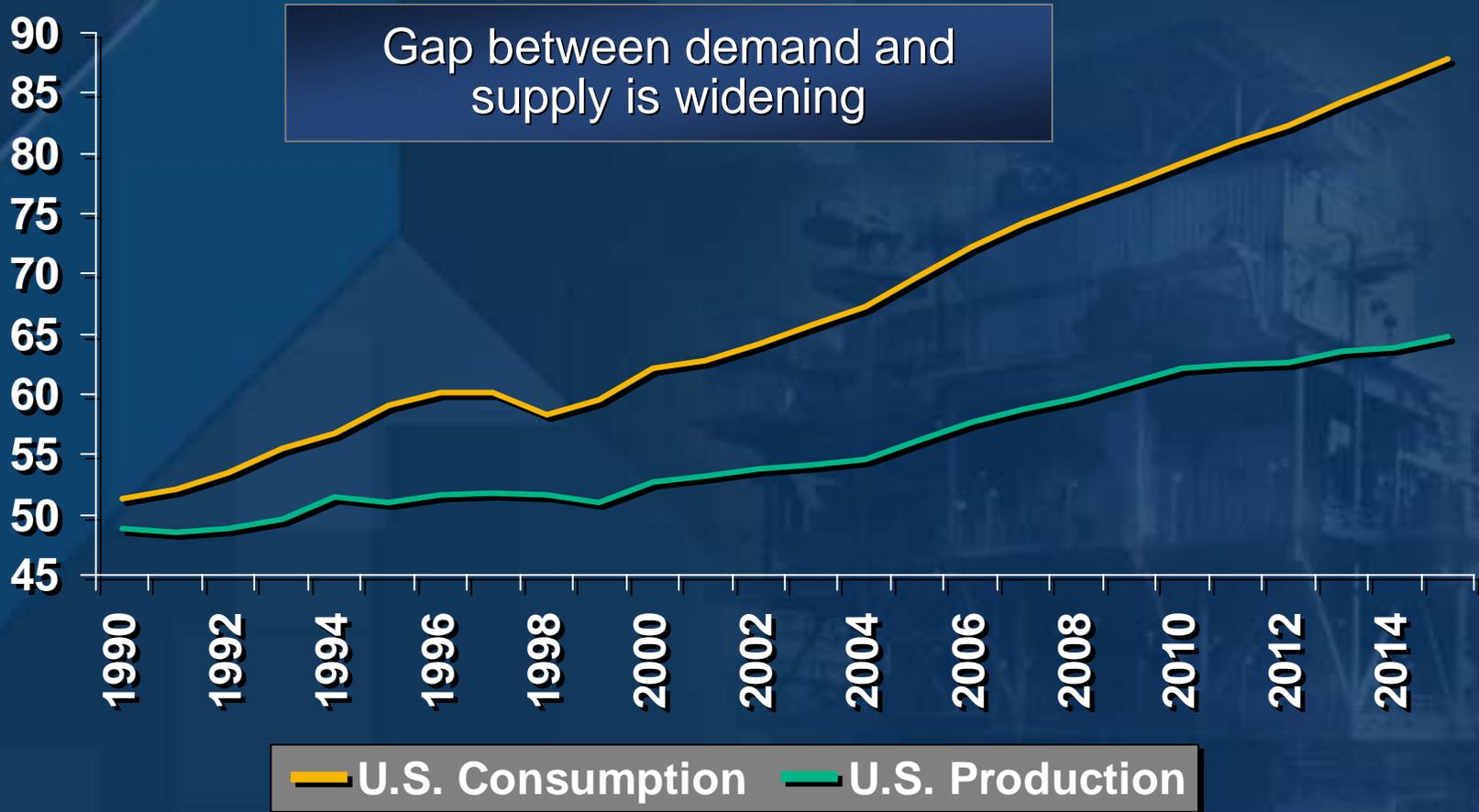
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U.S. Supply and Demand



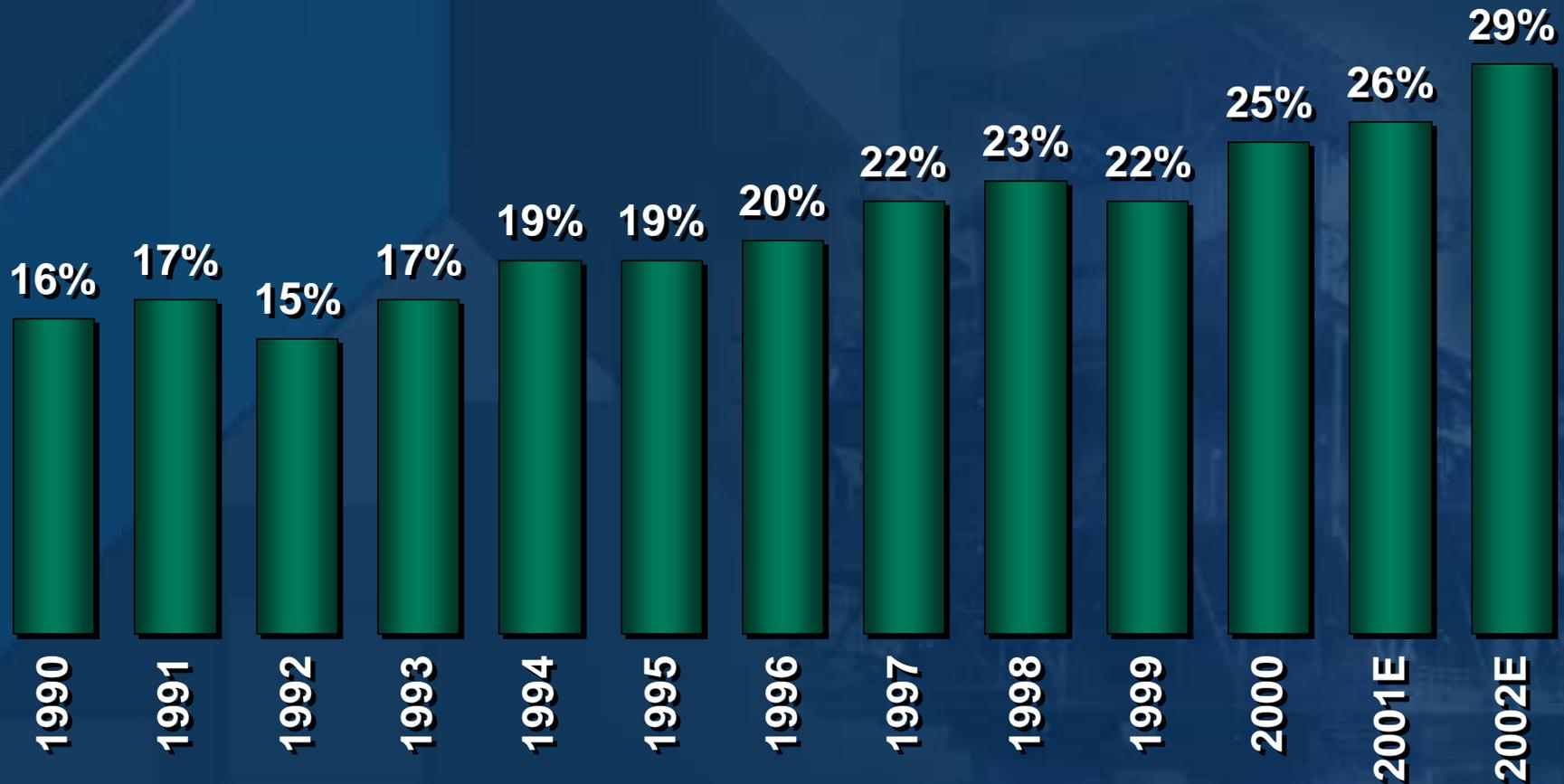
U.S. is Largest Gas User

Bcf/d 



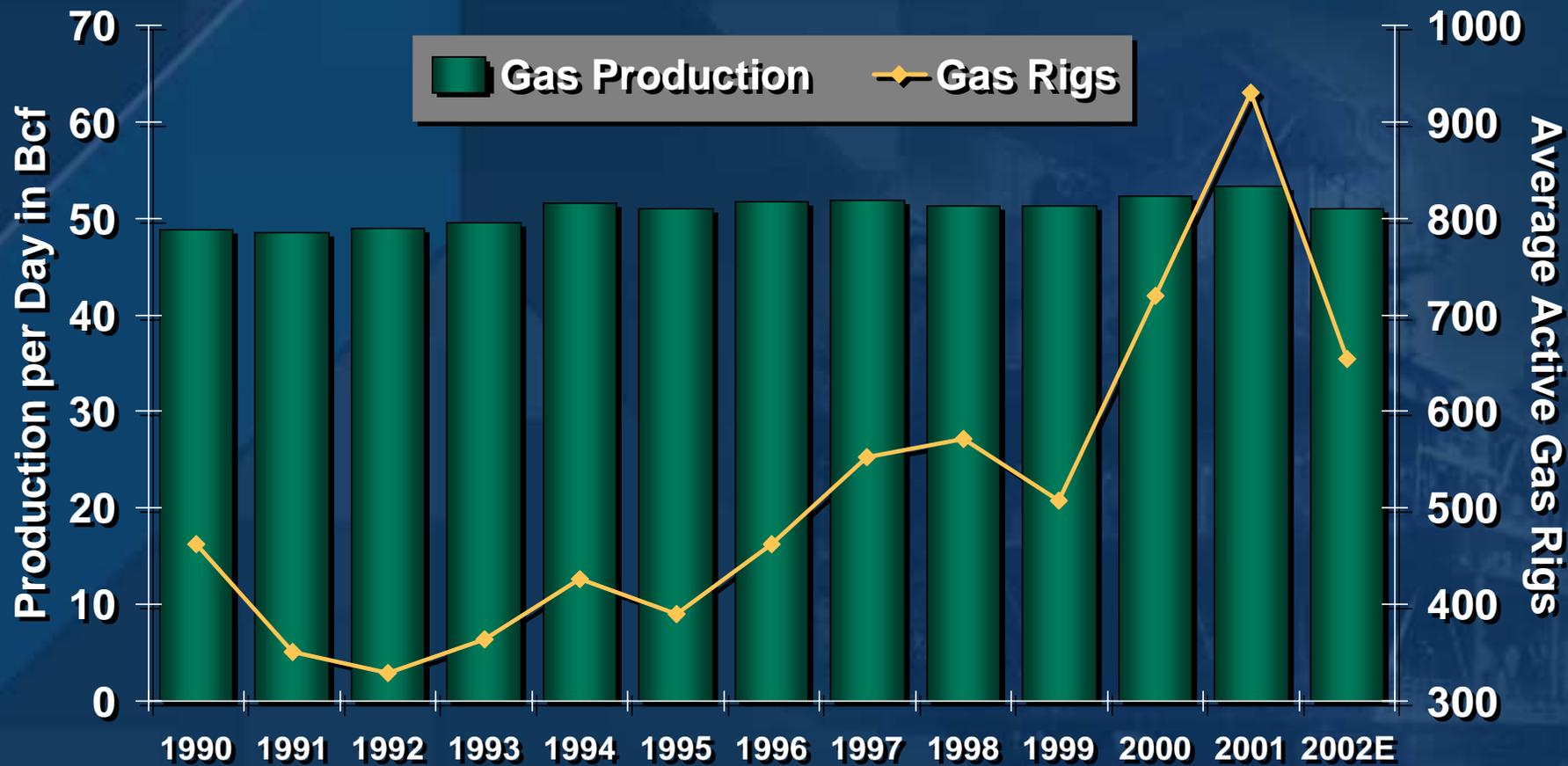
Source: CERA

U.S. Production Decline Rates are Increasing



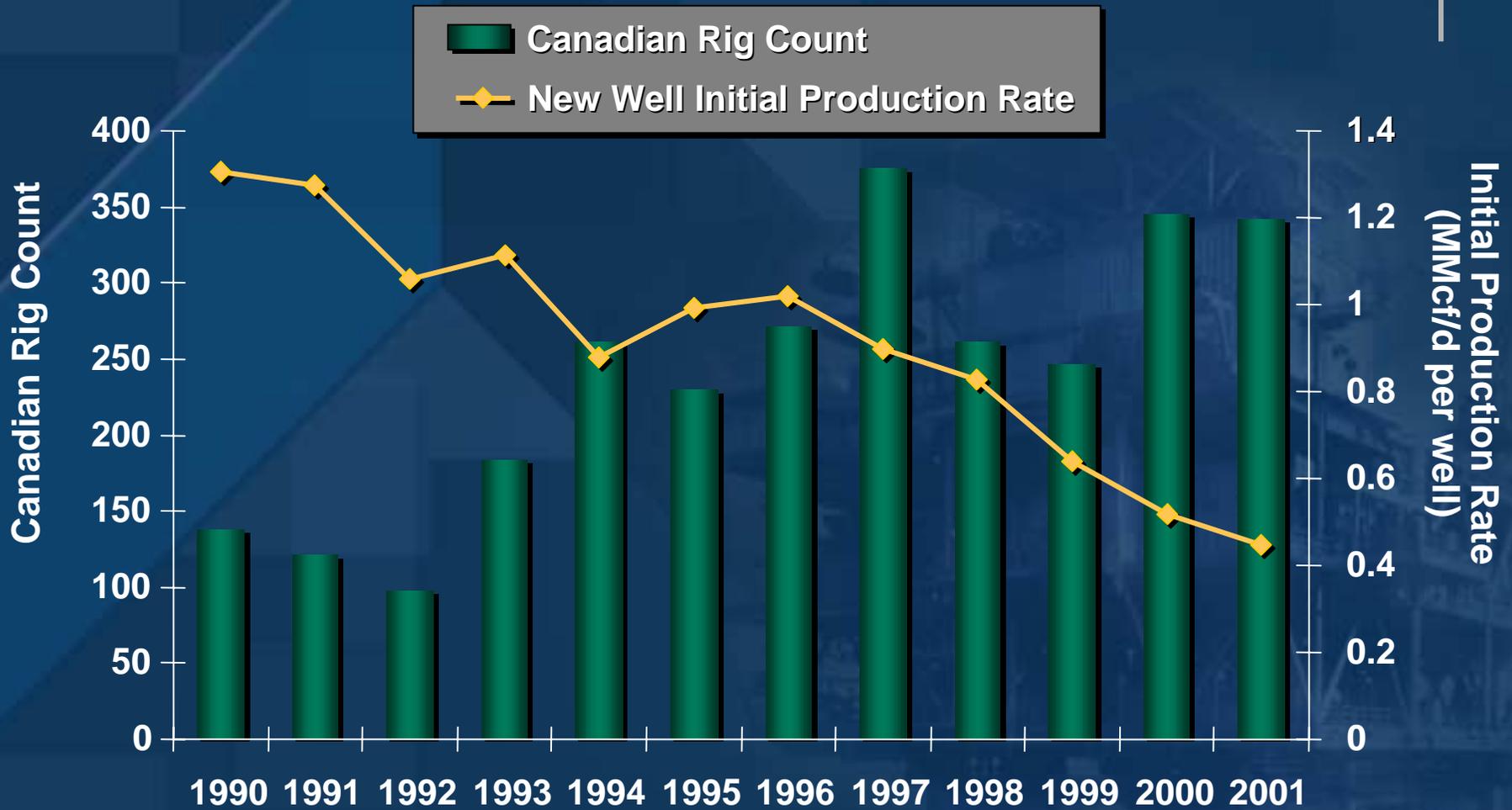
Source: EOG Resources, UBS Warburg

Production Insensitive to Rig Count



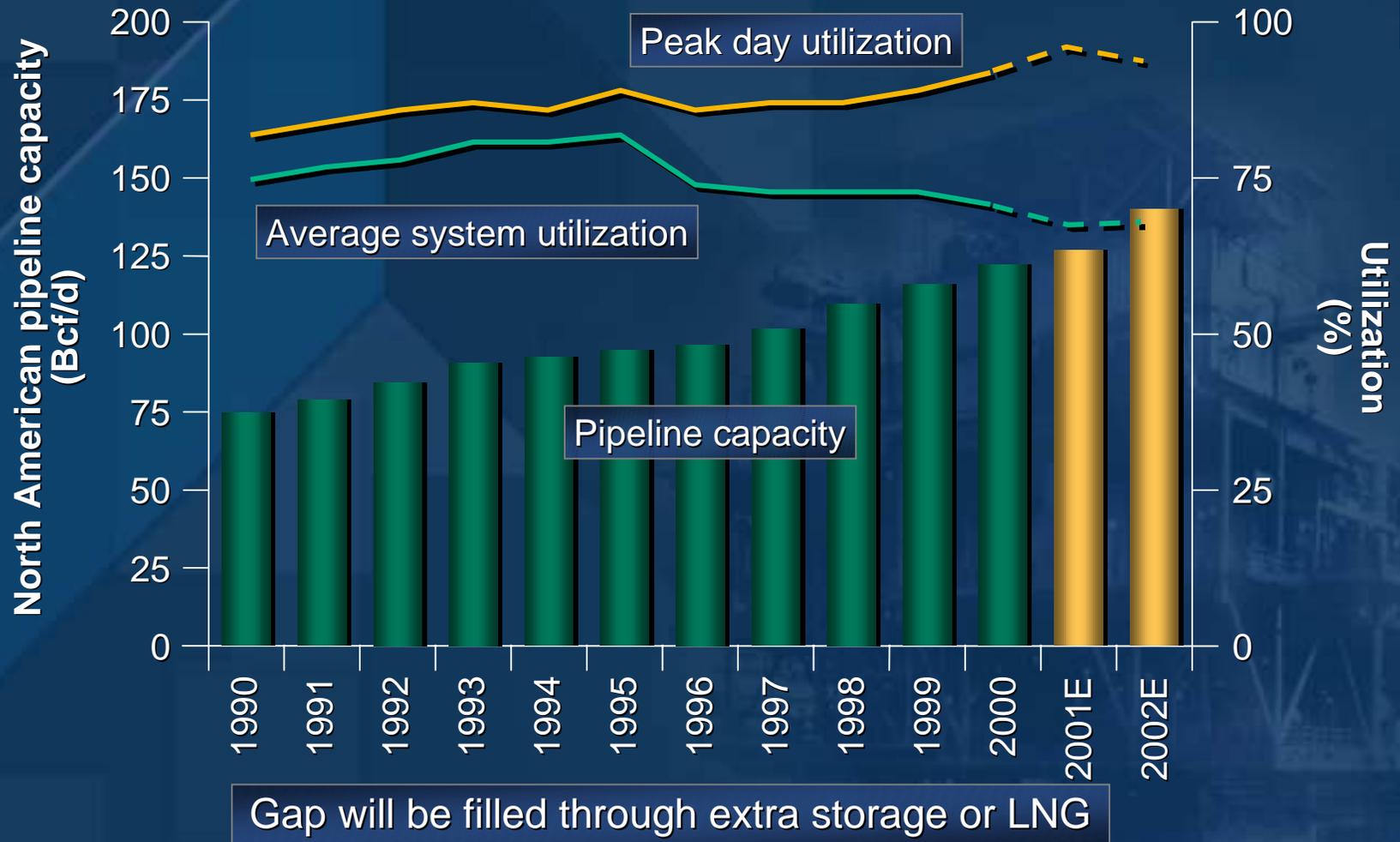
Sources: Energy Information Administration, Baker Hughes

More Canadian Rigs Working, Less New Well Productivity



Source: UBS Warburg, Alberta Energy Utility Board and Baker Hughes

Strained Infrastructure Compounds Imbalance in Market Areas

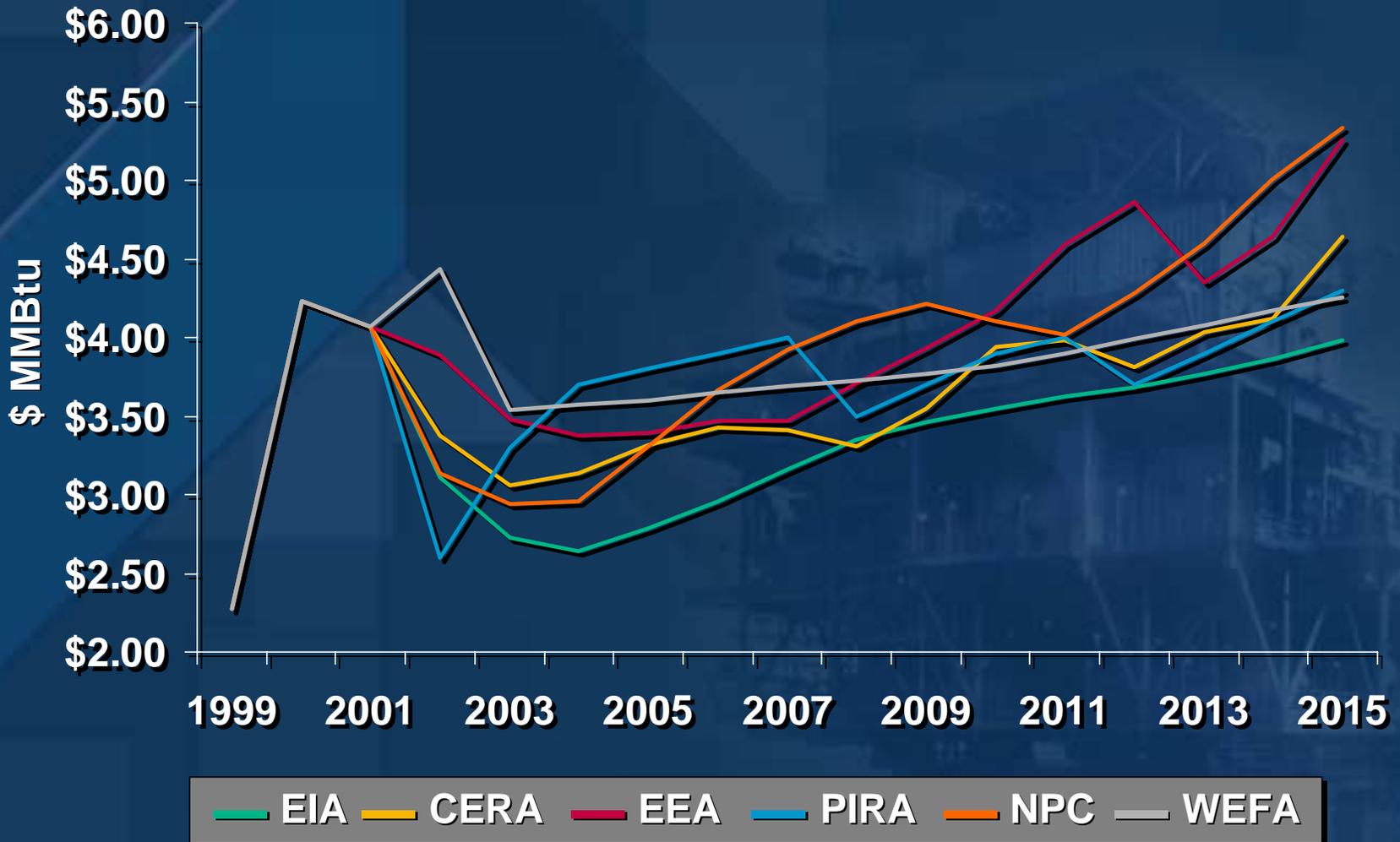


Source: National Petroleum Council; EIA

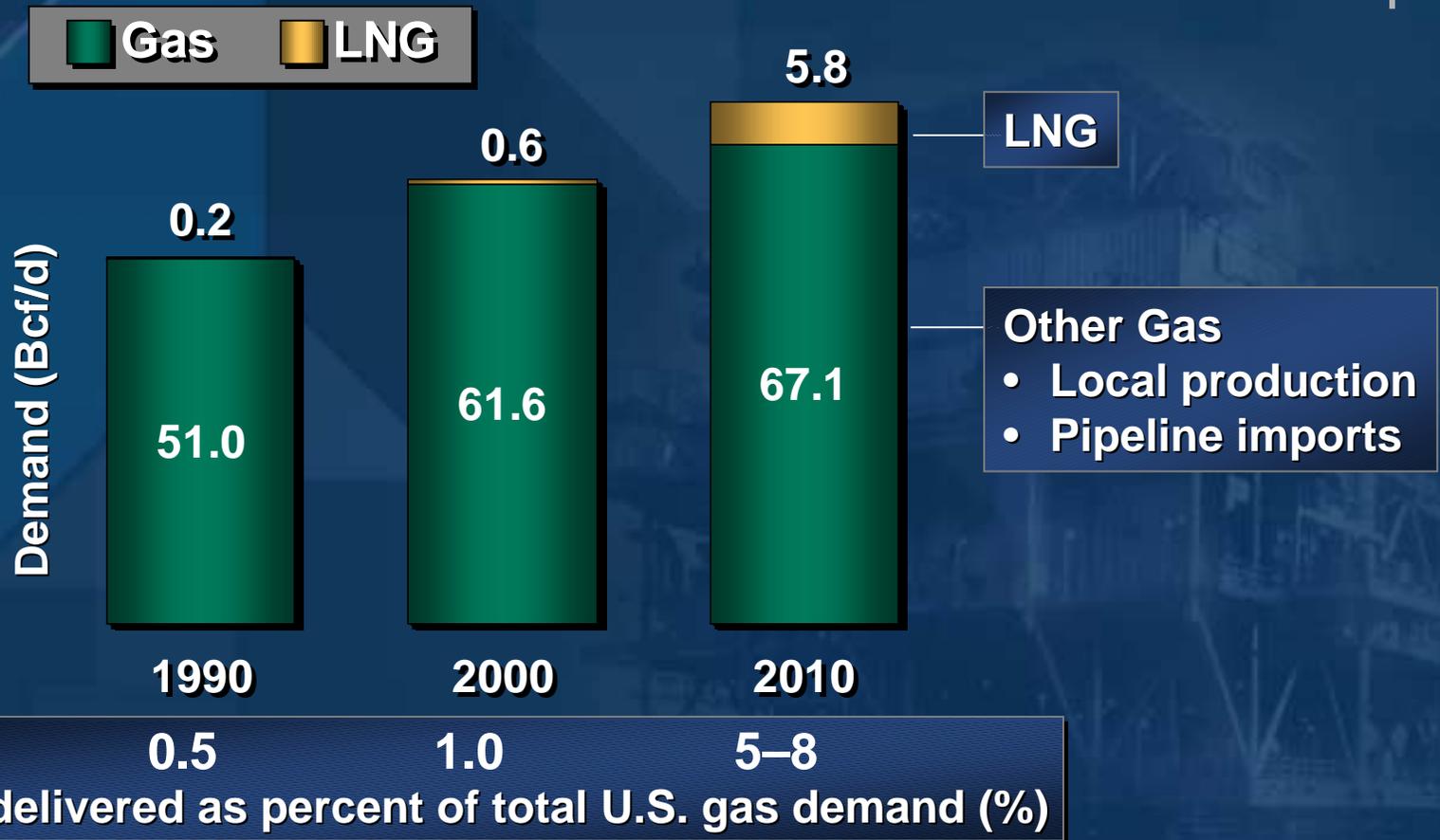
Market Imbalance Drives **All** Price Forecasts Upward



Henry Hub, Nominal



LNG Will Play a Larger Role in U.S. Gas Supply

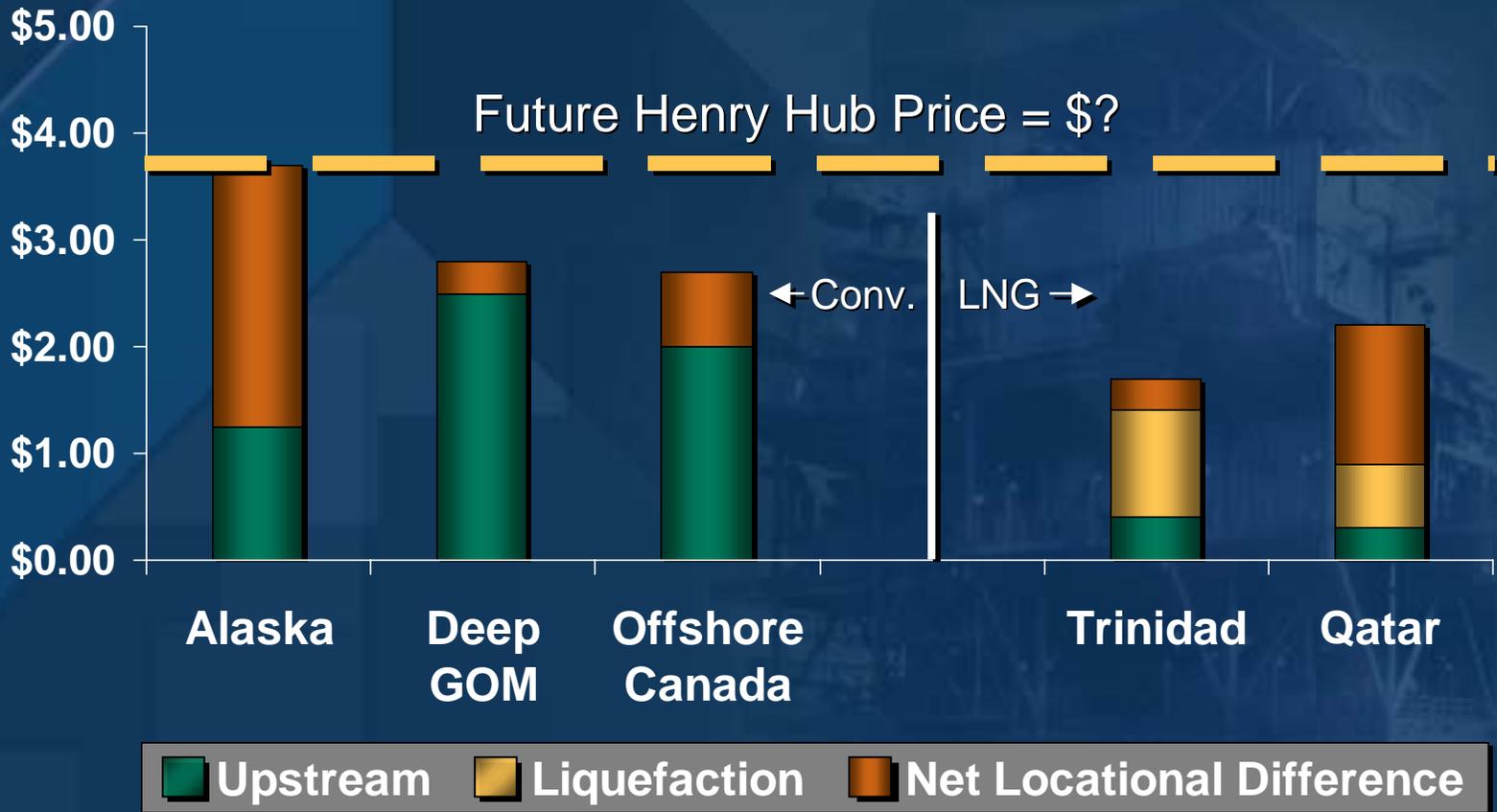


Source: GTI; Drewry

LNG Imports Will Economically Contribute to Solving U.S. Supply and Demand Imbalance

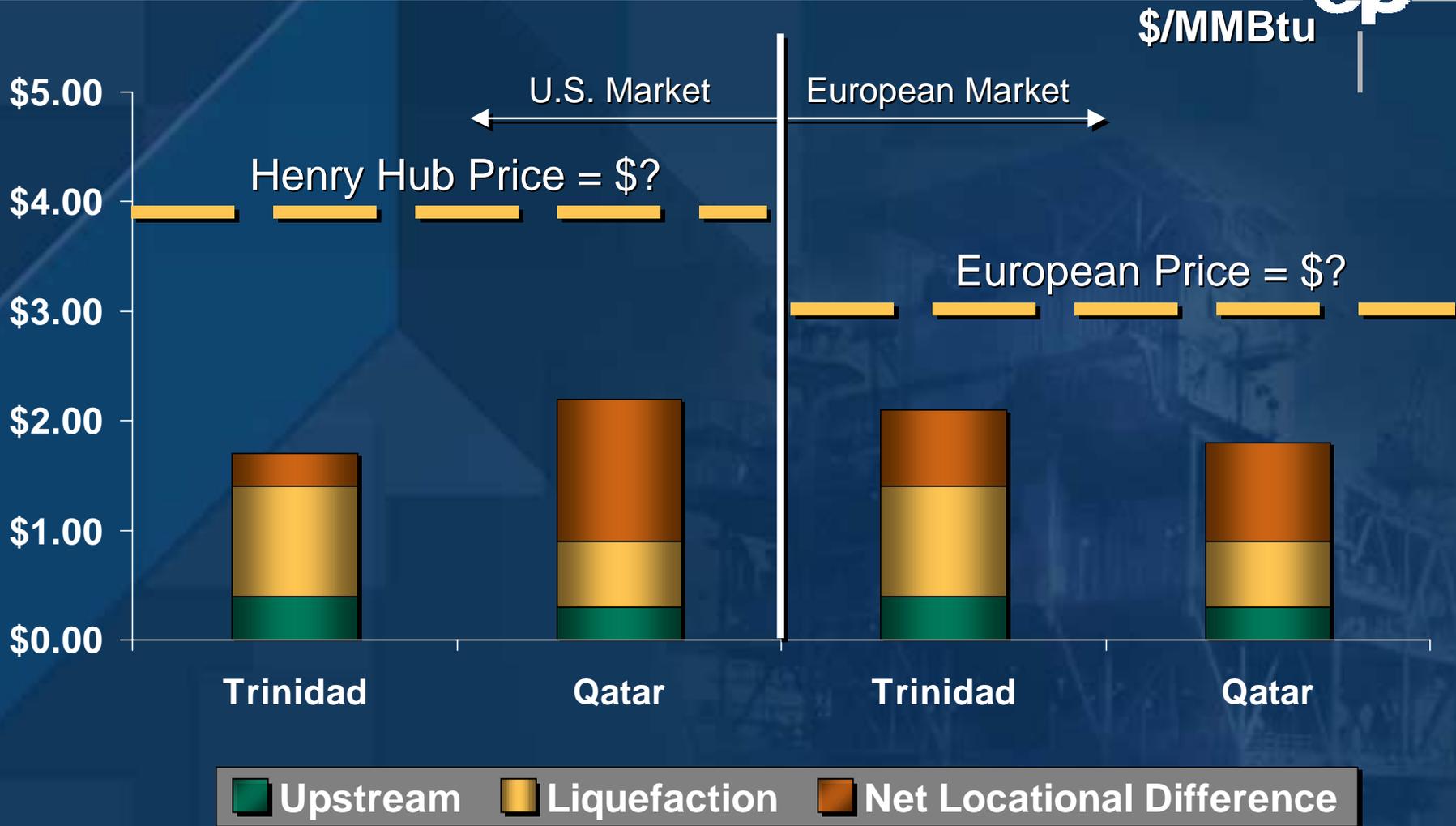


\$/MMBtu



Note: Net locational difference is defined as transportation and regasification, less basis

U.S. More Attractive Than European Markets



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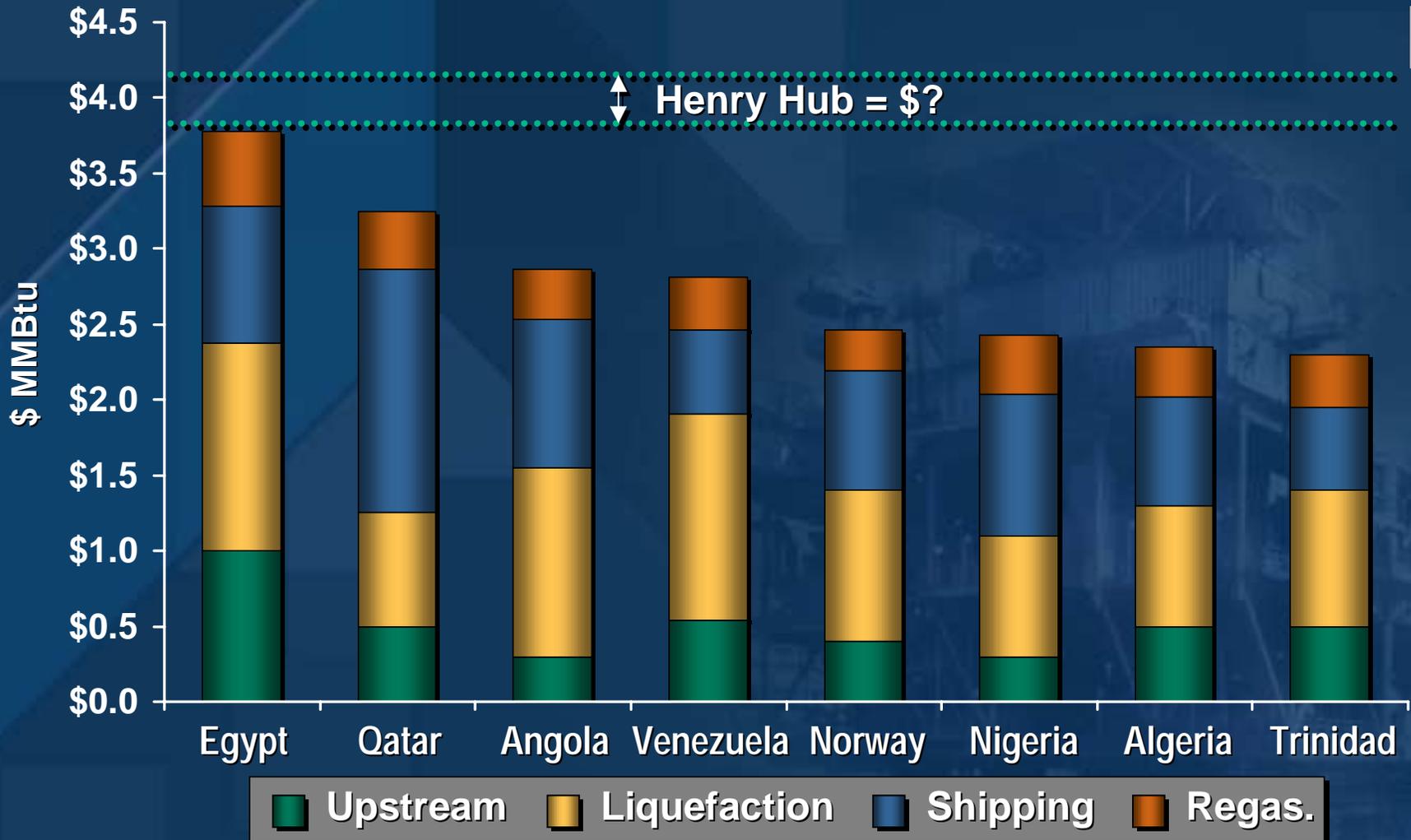
New Liquefaction Announcements



MMcf/d



Given Pricing Forecasts, Cost Competitive LNG Supplies Exist



Note: Includes return on all capital

Existing and Proposed North American LNG Terminals



Current North American LNG Terminals



LNG Totals: 2.36 Bcf/d = 18.0 Mtpa

Everett
Operating
535 MMcf/d = 4.1 Mtpa

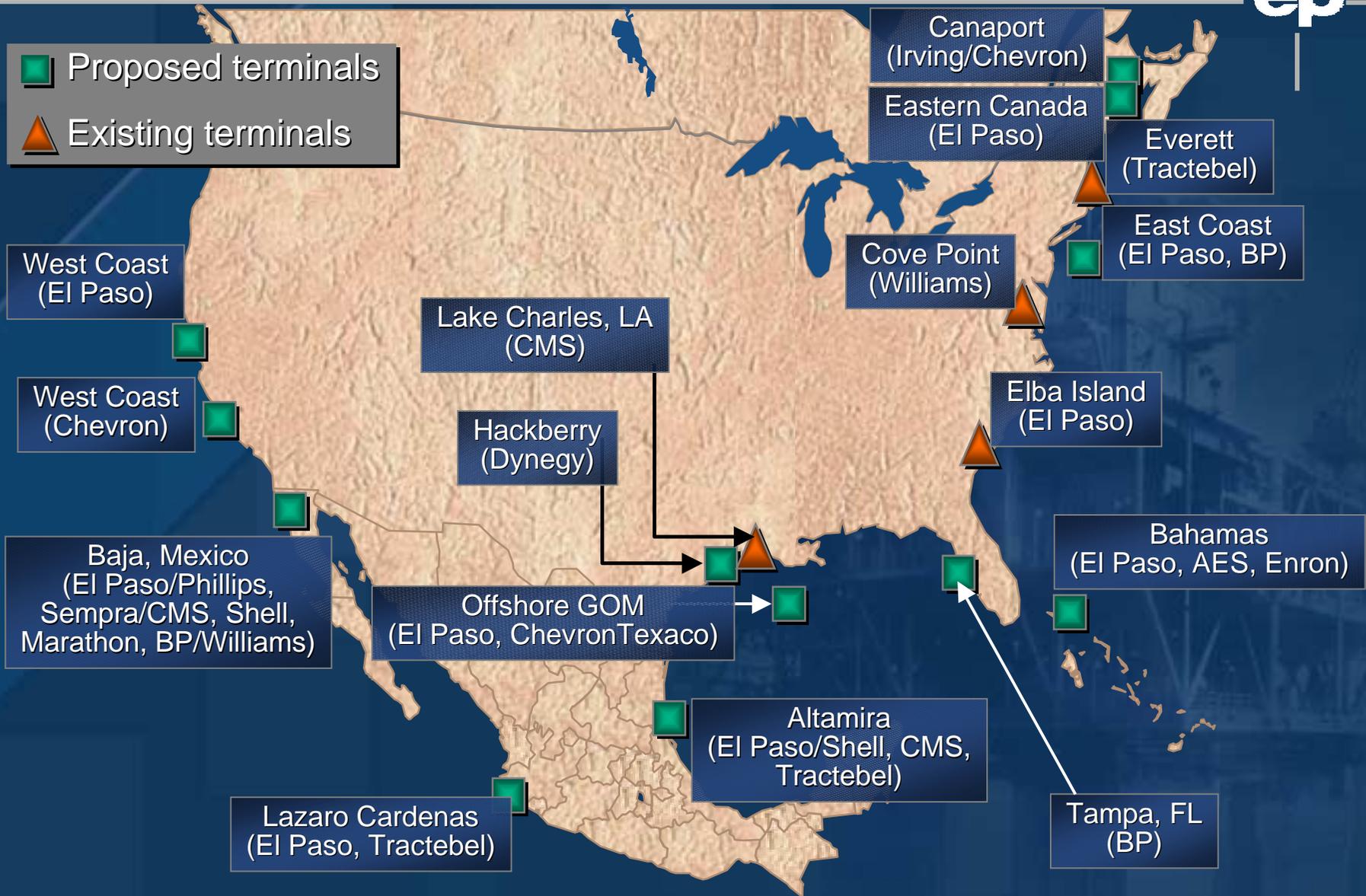
Cove Point
Opening Q1 2003
750 MMcf/d = 5.7 Mtpa
El Paso: 33% of capacity

Elba Island
Operating
440 MMcf/d = 3.4 Mtpa
El Paso: 100% of capacity

Lake Charles
Operating
630 MMcf/d = 4.8 Mtpa
El Paso: 12% of capacity



Existing and Proposed North American LNG Import Terminals



New U.S. Landbased LNG Terminal Construction Not Likely

Issues Preventing Terminal Development

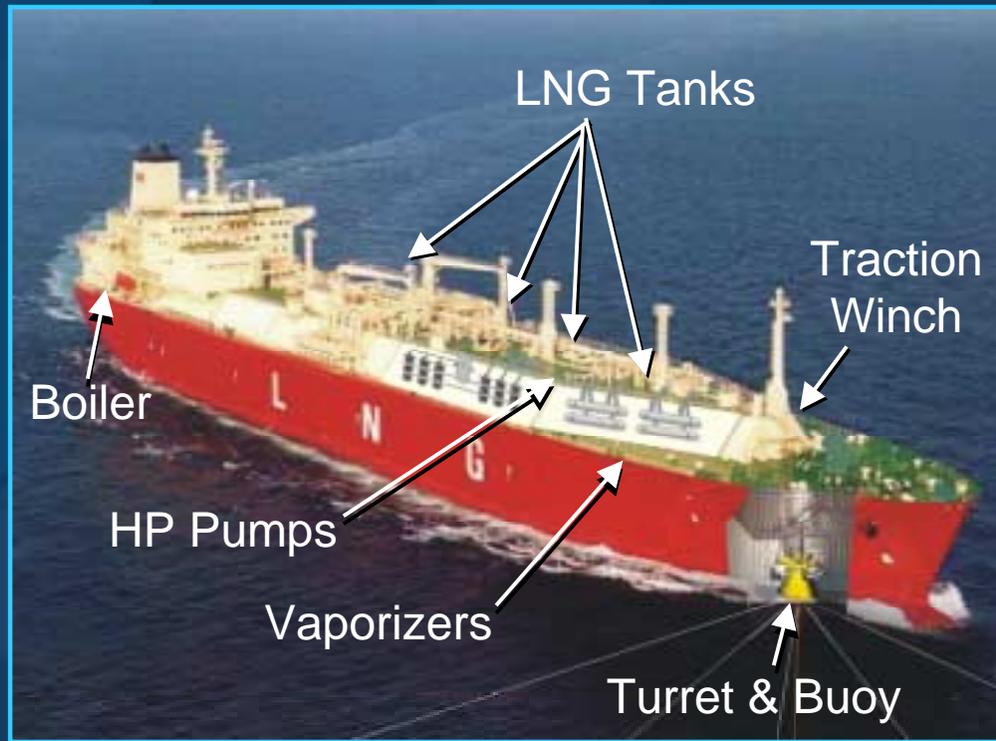


- Areas with greatest demand are difficult for terminal siting
- Heightened security concerns following the events of September 11
- “NIMBY” issues may delay or derail potential projects
- Substantial costs will be associated with new developments

El Paso Energy Bridge: Bringing Continents of Energy Together



What Is Energy Bridge?

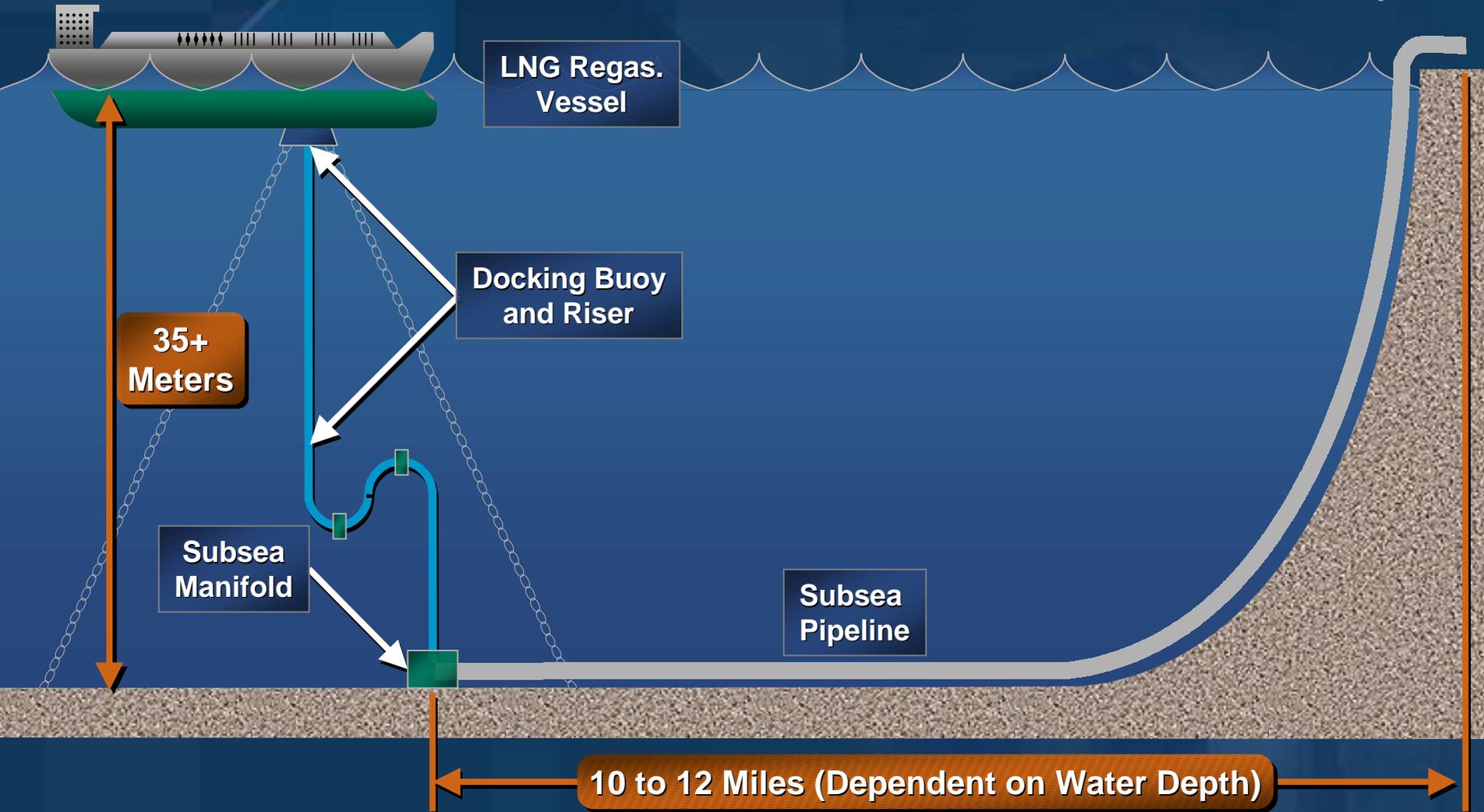


Energy Bridge is a regasification vessel and buoy system that delivers natural gas into offshore pipelines

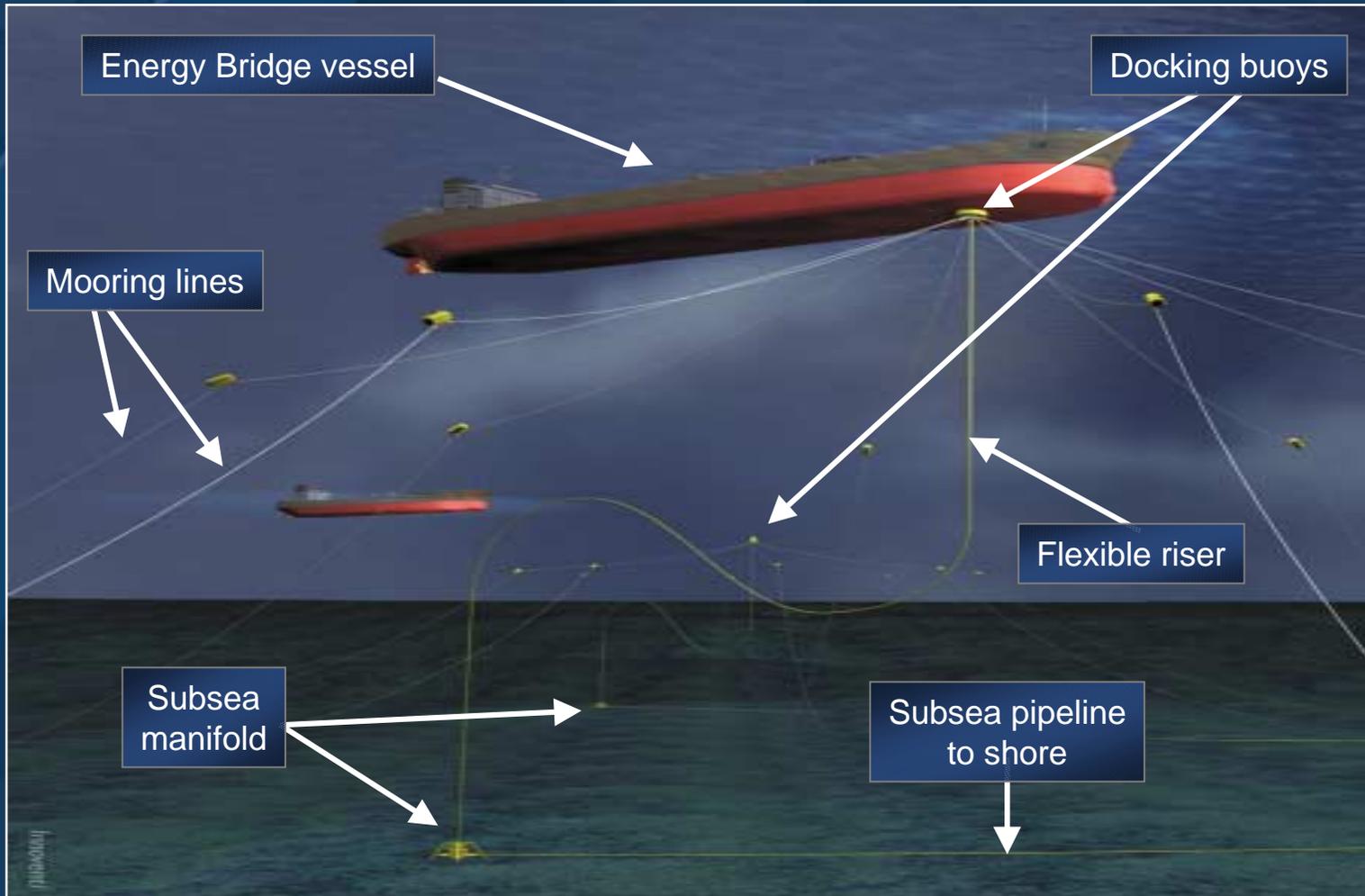
Offshore Terminal Progress To Date: Energy Bridge



General System Layout



Overview: Buoy, Mooring and Pipeline



Proven Technology, Innovative Application



- Energy Bridge interconnection design makes this application possible
 - Docking buoy provides a single-point mooring system with high reliability
 - Currently 19 buoys in service, used for traditional gas and oil operations
 - Over 1,000 connections have been made to date in North Sea with a 100% success rate
 - Current technology users include Shell, BP, and Norwegian government-owned energy company

Energy Bridge Key Benefits



- **Price.** Costs lower than traditional onshore terminals
- **Coastline friendly.** Offloading operations take place offshore, out of sight from land
- **Environmentally sensitive.** Installations require minimal onshore or offshore development, presenting minimal environmental impact
- **Scalable.** Design allows for natural gas service to small but growing markets
- **Safe.** Ocean shipping of LNG has a decades-long track record of safety. Energy Bridge vessels will meet or exceed all U.S. and international safety standards

Conclusions



- Traditional supply sources will be stressed to meet demand, particularly in North America
- LNG is the ideal solution to the demand/supply imbalance with extremely favorable economics in the global marketplace
- EP Energy Bridge is an innovative way using proven technology to solve U.S. LNG terminal bottleneck



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