Atlantic Canada LNG Projects
Which one(s) will succeed?

9 March 2006

Presentation for
CEE Think Day on Canadian Energy Issues

Existing and Proposed
North American LNG Terminals

As of March 3, 2006
* US pipeline approved LNG terminal pending in Bahamas

Source: FERC Office of Energy Projects
Potential North American LNG Terminals

Source: FERC Office of Energy Projects

Summary of Atlantic Canada Terminals

<table>
<thead>
<tr>
<th>Project Name (Proponent(s))</th>
<th>Location</th>
<th>Cost ($US)</th>
<th>Send-Out Capacity (Bcf/d)</th>
<th>Earliest Start Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canaport LNG (Repsol YPF, Irving Oil Limited)</td>
<td>Saint John, NB</td>
<td>$750 million</td>
<td>1.00</td>
<td>2008</td>
<td>Proceeding towards FID by April 2006, early construction underway</td>
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<tr>
<td>Bearhead (Anadarko Petroleum Corporation)</td>
<td>Point Tupper, NS</td>
<td>$750 million</td>
<td>1.00</td>
<td>2008</td>
<td>Early construction underway, seeking LNG supplies to continue or sale of asset</td>
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<tr>
<td>Rabaska (Enbridge/Gaz Métro/ Gaz de France)</td>
<td>Levis, QC</td>
<td>$714 million</td>
<td>0.50</td>
<td>2010</td>
<td>Pursuing permits and LNG supplies</td>
</tr>
<tr>
<td>Keltic LNG (Keltic Petrochemicals/Petroplus)</td>
<td>Goldboro, NS</td>
<td>$4 billion&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>0.50</td>
<td>2010</td>
<td>Pursuing permits and LNG supplies</td>
</tr>
<tr>
<td>Gros Cacouna LNG (TransCanada/Petro Canada)</td>
<td>Gros Cacouna, QC</td>
<td>$660 million</td>
<td>0.50</td>
<td>2009</td>
<td>Pursuing permits and LNG supplies</td>
</tr>
<tr>
<td>Statia LNG (Statia)</td>
<td>Strait of Canso, NS</td>
<td>???</td>
<td>0.50 (?)</td>
<td>2010</td>
<td>Development Stage</td>
</tr>
<tr>
<td>Energie Grande-Ane</td>
<td>Saguenay, Lac-St.-Jean</td>
<td>$850 million</td>
<td>1.0</td>
<td>2010</td>
<td>Development Stage</td>
</tr>
</tbody>
</table>

TOTAL ATLANTIC CANADA | 5.00 | | | |

Sources: Company websites, news articles.
(1) Integrated petrochemical plant and LNG terminal
Observations…

- The markets in the New England, New York and Atlantic Canada consume approximately 5 BCFD on a total annual average basis.
- Incremental growth between now and 2015 is expected to be in the range of 0.75 – 1.0 BCFD.
- Existing natural gas supply from the Gulf Coast is nearly 4.5 BCFD and is not expected to decline based upon production forecasts and projected levels of LNG imports.
- Existing and proposed LNG terminal capacity is 10 BCFD.
- Potential LNG terminal capacity on top of such is 7.8 BCFD.
- 22.3 BCFD of potential supply for a 6 BCFD market????????
- If you can overlook this, infrastructure in the area needs to be expanded to support the markets’ growth.
- Permits will need to be granted to support infrastructure growth to support market growth – when is the process going to begin?

Additional Observations…

- Markets need to know supply will be there when requested and LNG suppliers need to know that their LNG supplies will be taken when finally delivered – what makes this happen?
- The LNG business has a very capital intensive value chain and those at either end of the chain require reasonable certainty that all links in the chain function appropriately.
- Most successful import projects these days see full integration by one or more of the supply project sponsors.
- Key elements to success include: buildable site with deep water port, well structured agreements, reasonable landlord and hosts, permits, shipping, LNG supply and attractive market (or in place thereof, a tolling entity with very deep pockets).
Receiving terminal capacity in the Atlantic Basin is expected to exceed the demand behind it.

LNG supplies will be able to move from one part of the Atlantic basin to others while shipping capacity is long.

Atlantic Canada projects must compete with all Atlantic Basin projects for LNG supply, unless supplies are already available for a participant.

Atlantic Canada projects are advantaged due to logistics and the markets they access, however the advantage erodes quickly if oversupply develops, a huge risk for these projects.

In spite of advantages, some projects still do not compete with Gulf of Mexico netbacks for LNG suppliers.

Infrastructure will need to be developed to provide adequate access for Atlantic Canada projects over time – synchronized growth would be desirable for all.

**FINAL OBSERVATIONS...**
CANAPORT™ LNG Project

- Canaport™ LNG Limited Partnership is a Canadian limited partnership owning 100% of the Canaport™ LNG Terminal in Saint John, New Brunswick, Canada.

- The Partnership is owned 75% by Repsol and 25% by Irving Oil.

- Repsol is the managing general partner.

- Characteristics of Canaport™ LNG Terminal:
  - Two storage tanks of 160,000 m³ capacity initially installed with design for four tanks.
  - Offshore jetty and berth to receive ships of up to 250,000 m³ capacity.
  - Firm sendout capacity of 1000 MMCFD.
  - First LNG deliveries scheduled for 4Q08.
  - Expandable to over 2000 MMCFD.

- Permitted.

- Site leveling 85% completed.

- EPC Contracts nearly agreed.

- Tolling agreement in place with Repsol.

- Shipping capacity available for Repsol.

- Existing LNG supply available for markets.