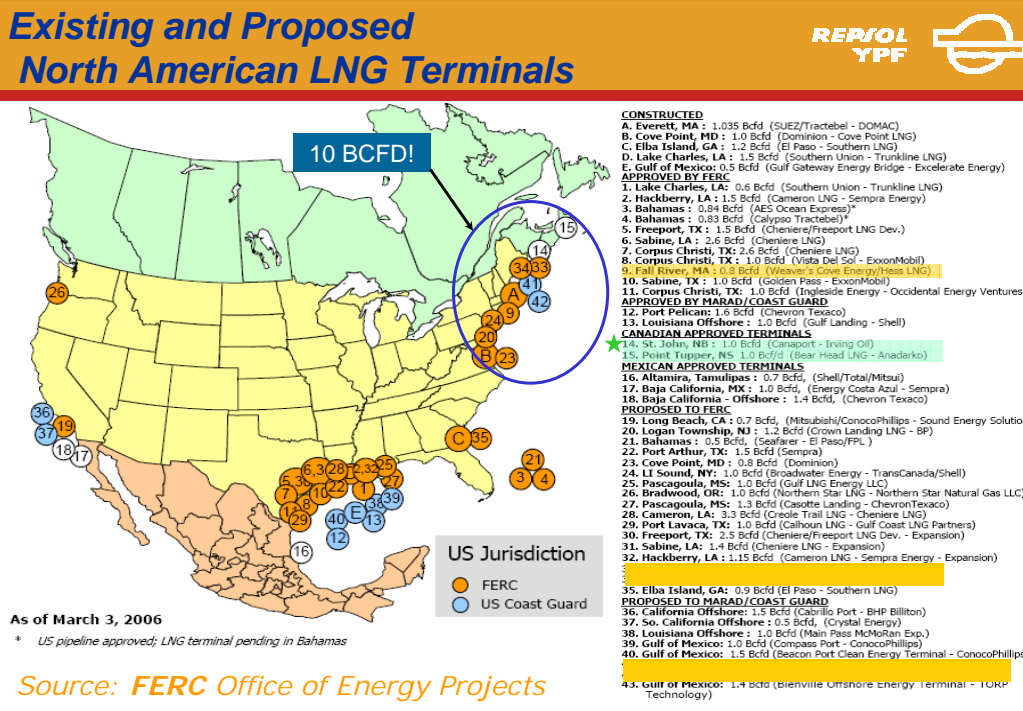


Presentation for
CEE Think Day on Canadian Energy Issues

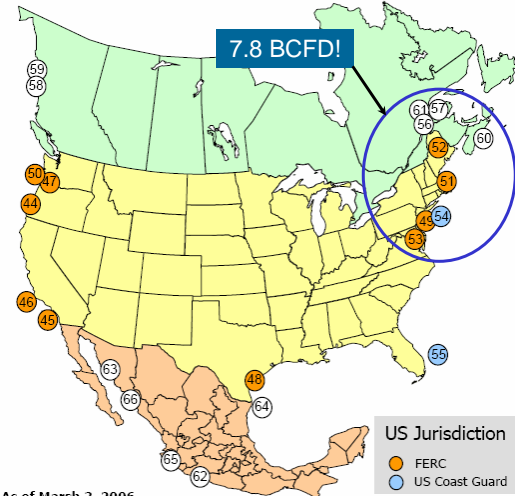
Atlantic Canada LNG Projects

Which one(s) will succeed?

9 March 2006



Potential North American LNG Terminals



POTENTIAL U.S. SITES IDENTIFIED BY PROJECT SPONSORS

- 44. Coos Bay, OR: 0.13 Bcf/d, (Energy Projects Development)
- 45. California - Offshore: 0.75 Bcf/d, (Chevron Texaco)
- 46. California - Offshore: 0.75 Bcf/d (OceanWay - Woodside Natural Gas)
- 47. St. Helens, OR: 0.7 Bcf/d (Port Westward LNG LLC)
- 48. Galveston, TX: 1.2 Bcf/d (Pelican Island - BP)
- 49. Philadelphia, PA: 0.6 Bcf/d (Freedom Energy Center - PGW)
- 50. Astoria, OR: 1.0 Bcf/d (Skipanon LNG - Calpine)

- 53. Baltimore, MD: 1.5 Bcf/d (AES Sparrows Point - AES Corp.)
- 54. Offshore New York: 2.0 Bcf/d (Safe Harbor Energy - ASIC, LLC)
- 55. Offshore Florida: ? Bcf/d (Calypso SUEZ)

POTENTIAL CANADIAN SITES IDENTIFIED BY PROJECT SPONSORS

- 56. Quebec City, QC: 0.5 Bcf/d (Project Rabaska - Enbridge/Gaz Met/Gaz de France)
- 57. Riviere-du-Loup, QC: 0.5 Bcf/d (Cacouna Energy - TransCanada/PetroCanada)
- 58. Kitimat, BC: 0.61 Bcf/d (Galveston LNG)
- 59. Prince Rupert, BC: 0.30 Bcf/d (WestPac Terminals)
- 60. Goldboro, NS: 1.0 Bcf/d (Keltic Petrochemicals)
- 61. Energie Grande-Anse QC: 1.0 Bcf/d

POTENTIAL MEXICAN SITES IDENTIFIED BY PROJECT SPONSORS

- 62. Lazaro Cardenas, MX: 0.5 Bcf/d (Tractebel/Repsol)
- 63. Puerto Libertad, MX: 1.3 Bcf/d (Sonora Pacific LNG)
- 64. Offshore Gulf, MX: 1.0 Bcf/d (Dorado - Tideland)
- 65. Manzanillo, MX: 0.5 Bcf/d
- 66. Topolobampo, MX: 0.5 Bcf/d

Source: FERC Office of Energy Projects

Summary of Atlantic Canada Terminals



Projects Under Review					
Project Name (Proponent(s))	Location	Cost (\$US)	Send-Out Capacity (Bof/d)	Earliest Start Date	Status
Canaport LNG (Repsol YPF, Irving Oil Limited)	Saint John, NB	\$750 million	1.00	2008	Proceeding towards FID by April 2006, early construction underway
Bearhead (Anadarko Petroleum Corporation)	Point Tupper, NS	\$750 million	1.00	2008	Early construction underway, seeking LNG supplies to continue or sale of asset
Rabaska (Enbridge/Gaz Metro/ Gaz de France)	Levis, QC	\$714 million	0.50	2010	Pursuing permits and LNG supplies
Keltic LNG (Keltic Petrochemicals/Petroplus)	Goldboro, NS	\$4 billion ⁽¹⁾	0.50	2010	Pursuing permits and LNG supplies
Gros Cacouna LNG (TransCanada/Petro Canada)	Gros Cacouna, QC	\$660 million	0.50	2009	Pursuing permits and LNG supplies
Statia LNG (Statia)	Strait of Canso, NS	???	0.50 (?)	2010	Development Stage
Energie Grande-Anse	Saguenay, Lac-St-Jean	\$850 million	1.0	2010	Development Stage
TOTAL ATLANTIC CANADA			5.00		

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

Observations...

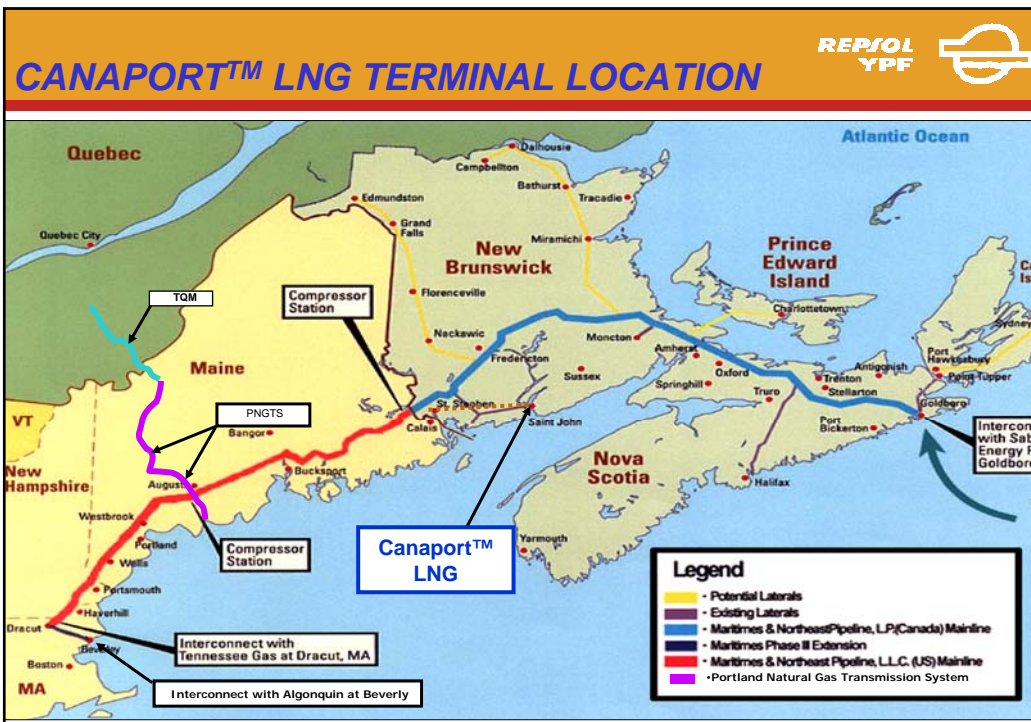



- The markets in the New England, New York and Atlantic Canada consume approximately 5 BCFD on a total annual average basis.
- Incremental growth between now and 2015 is expected to be in the range of 0.75 – 1.0 BCFD.
- Existing natural gas supply from the Gulf Coast is nearly 4.5 BCFD and is not expected 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).



**REPSOL
YPF** 

FINAL OBSERVATIONS...

- 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.

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



CANAPORT™ LNG Terminal

