TEXAS LNG

Leading the Second Wave of US LNG Exports & Challenging the Traditional LNG World Paradigm

Langtry Meyer
Founder & Chief Operating Officer
Texas LNG

Stanford Natural Gas Initiative
Stanford, California
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Introduction

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- Independent Company
- Port of Brownsville
- 2 Phases:
  2 X 2 MTA
- Phase 1 Operation 2022

The LNG World Paradigm is Shifting: Changing Players, Changing Structures, Changing Strategies

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The Traditional LNG World	The New LNG World
Limited Number of Sellers (Supermajors & NOCs)	Emergence of New Players & Entrepreneurial Developers (e.g. Texas LNG)
Integrated Value Chain	Disaggregation of Value Chain
Destination Restrictions	Destination Flexibility
Established Large-scale Buyers	Emerging Buyers Demanding Smaller Volumes
Oil linked Contracts	Hub Pricing
Long-term Contracts	Growing Short-term Business

US is Driver of Change: Only 1 out of 14 advanced US LNG projects involves a Supermajor

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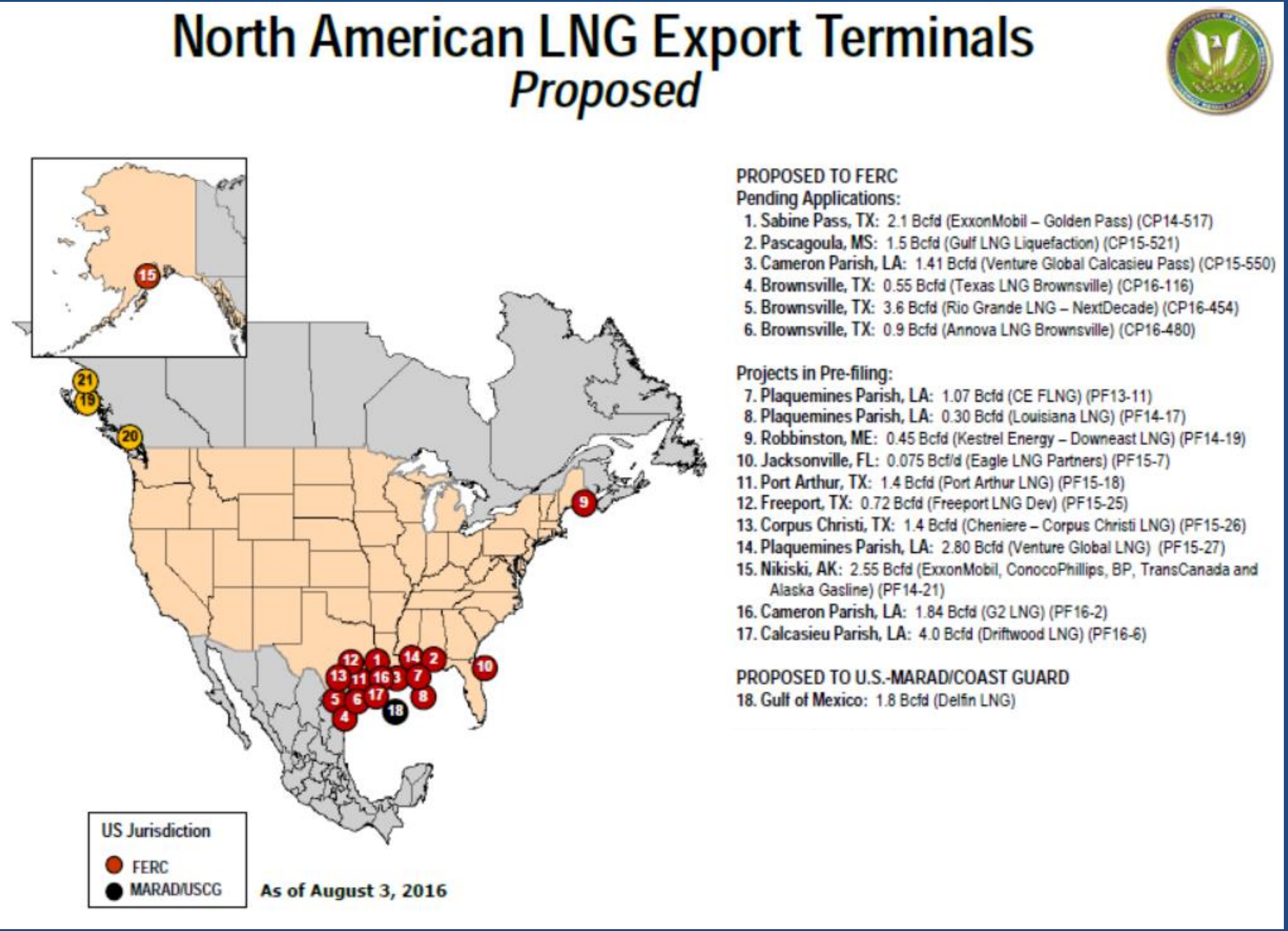

- 5 LNG projects under construction*
- 3 approved but not under construction*
- 6 in the Formal FERC application phase*

Only one project (Golden Pass) involves ownership by Supermajor/NOC

*Excluding expansions

Emergence of US Tolling Model: Disaggregation of the LNG Value Chain Provides Maximum Flexibility to Offtakers

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"Manufacturers" of LNG

Destination Flexibility

Texas LNG is "small" relative to other proposed US LNG export projects

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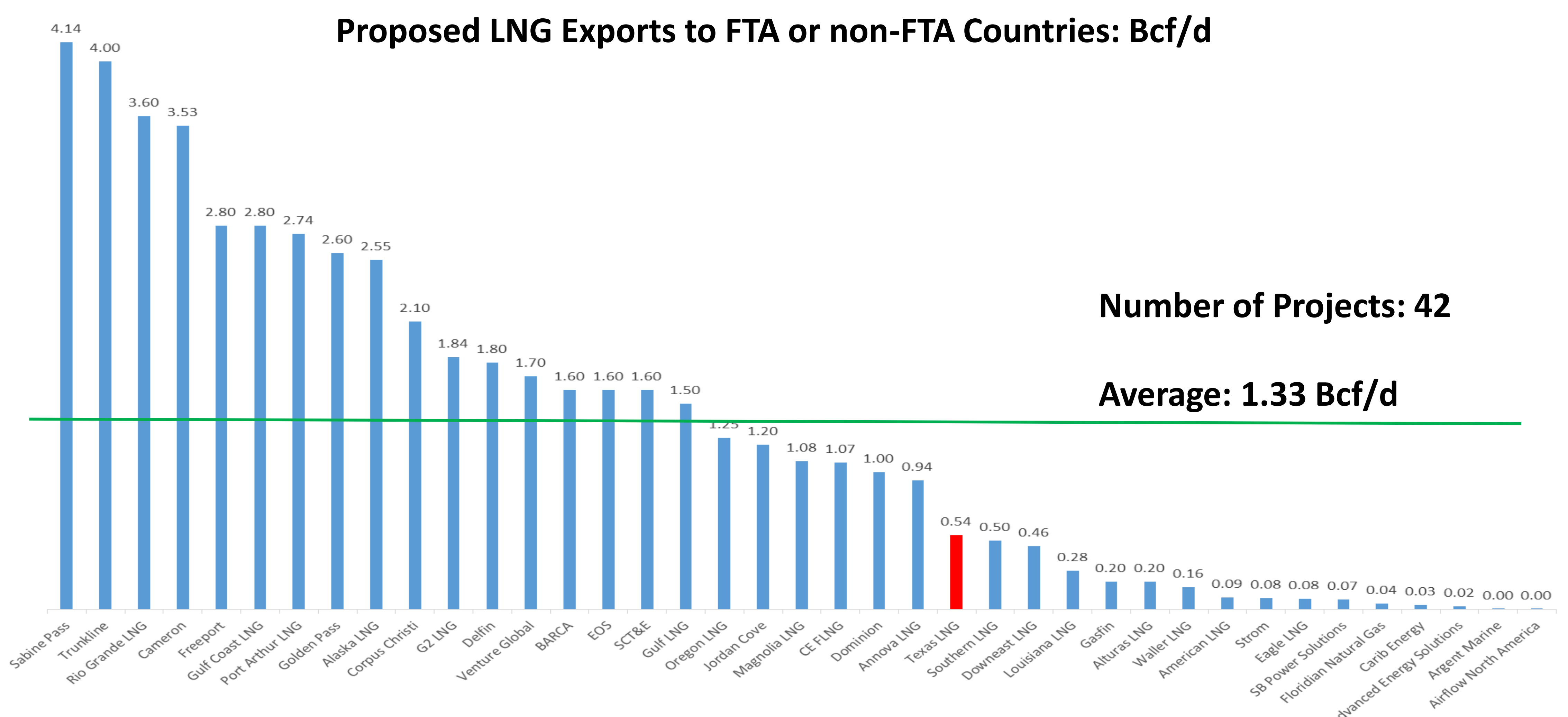

Source: K&L Gates (April 2015)

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"Smaller is Smarter"

Smaller projects are viable compared to typical larger projects

2 MTA is credible volume

Easier to place smaller capacity

Accommodate smaller offtakers

Minimize environmental impact

Easier to Operate: Feed gas & shipping

Less financing required

Realistic, Simple, & Easier to Reach FID

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