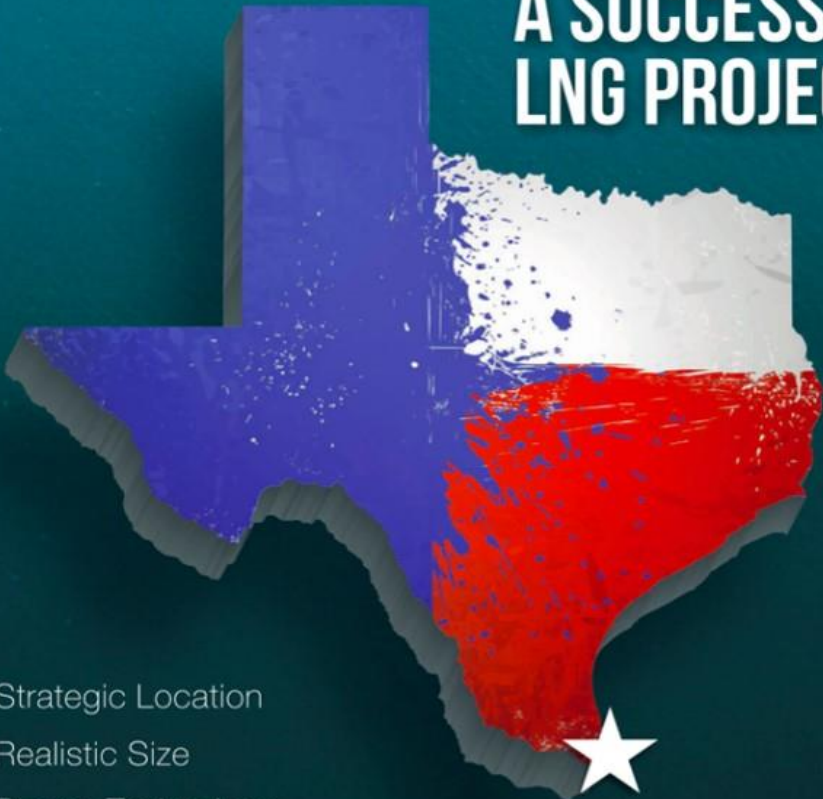


LNG INDUSTRY

March 2016

THE MAKING OF A SUCCESSFUL LNG PROJECT.



TEXAS LNG

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

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Texas LNG

Stanford Natural Gas Initiative
Stanford, California
October 12, 2016



Strategic Location
Realistic Size
Proven Technology
Low-Risk Tolling Model
The Right Team

Introduction



- 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



The Traditional LNG World

Limited Number of Sellers
(Supermajors & NOCs)

Integrated Value Chain

Destination Restrictions

Established Large-scale Buyers

Oil linked Contracts

Long-term Contracts



The New LNG World

Emergence of New Players &
Entrepreneurial Developers (e.g. Texas LNG)

Disaggregation of Value Chain

Destination Flexibility

Emerging Buyers Demanding Smaller
Volumes

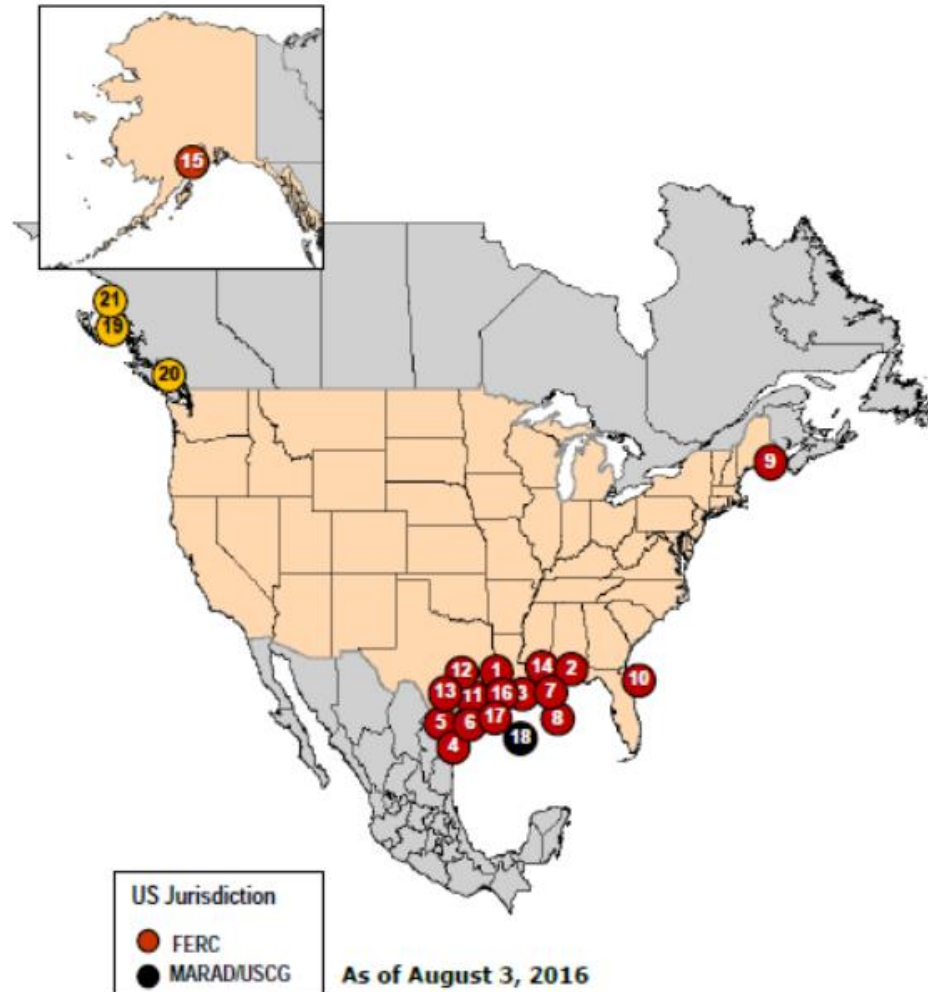
Hub Pricing

Growing Short-term Business

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



North American LNG Export Terminals Proposed



PROPOSED TO FERC

Pending Applications:

1. Sabine Pass, TX: 2.1 Bcfd (ExxonMobil – Golden Pass) (CP14-517)
2. Pascagoula, MS: 1.5 Bcfd (Gulf LNG Liquefaction) (CP15-521)
3. Cameron Parish, LA: 1.41 Bcfd (Venture Global Calcasieu Pass) (CP15-550)
4. Brownsville, TX: 0.55 Bcfd (Texas LNG Brownsville) (CP16-116)
5. Brownsville, TX: 3.6 Bcfd (Rio Grande LNG – NextDecade) (CP16-454)
6. Brownsville, TX: 0.9 Bcfd (Annova LNG Brownsville) (CP16-480)

Projects in Pre-filing:

7. Plaquemines Parish, LA: 1.07 Bcfd (CE FLNG) (PF13-11)
8. Plaquemines Parish, LA: 0.30 Bcfd (Louisiana LNG) (PF14-17)
9. Robbinston, ME: 0.45 Bcfd (Kestrel Energy – Downeast LNG) (PF14-19)
10. Jacksonville, FL: 0.075 Bcfd (Eagle LNG Partners) (PF15-7)
11. Port Arthur, TX: 1.4 Bcfd (Port Arthur LNG) (PF15-18)
12. Freeport, TX: 0.72 Bcfd (Freeport LNG Dev) (PF15-25)
13. Corpus Christi, TX: 1.4 Bcfd (Cheniere – Corpus Christi LNG) (PF15-26)
14. Plaquemines Parish, LA: 2.80 Bcfd (Venture Global LNG) (PF15-27)
15. Nikiski, AK: 2.55 Bcfd (ExxonMobil, ConocoPhillips, BP, TransCanada and Alaska Gasline) (PF14-21)
16. Cameron Parish, LA: 1.84 Bcfd (G2 LNG) (PF16-2)
17. Calcasieu Parish, LA: 4.0 Bcfd (Driftwood LNG) (PF16-6)

PROPOSED TO U.S.-MARAD/COAST GUARD

18. Gulf of Mexico: 1.8 Bcfd (Delfin LNG)

- 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

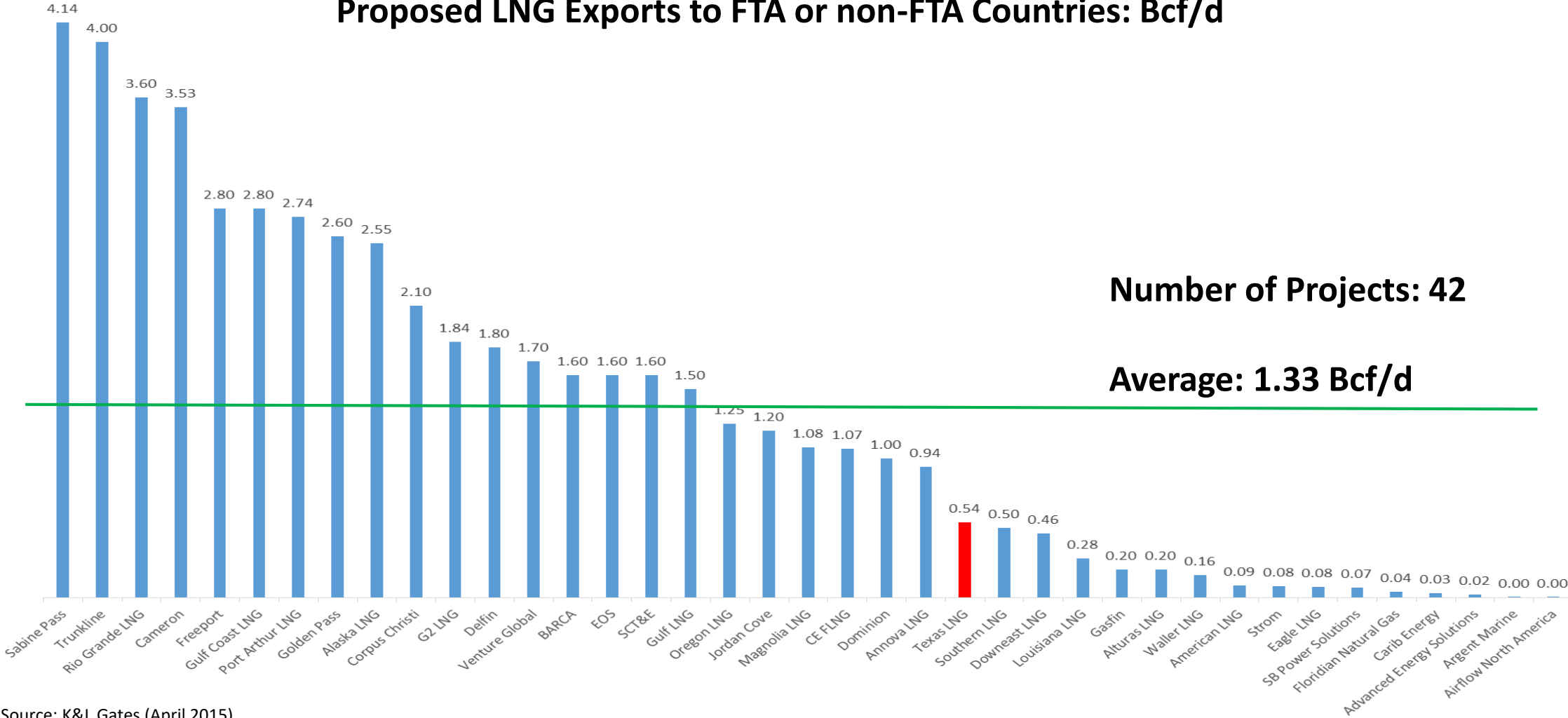


“Manufacturers” of LNG
Destination Flexibility

Texas LNG is “small” relative to other proposed US LNG export projects



Proposed LNG Exports to FTA or non-FTA Countries: Bcf/d



Number of Projects: 42

Average: 1.33 Bcf/d

Source: K&L Gates (April 2015)

“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

Disclaimer



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