North America Gas Outlook

Alaska Resource Development Council

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Vice President Americas

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ExxonMobil
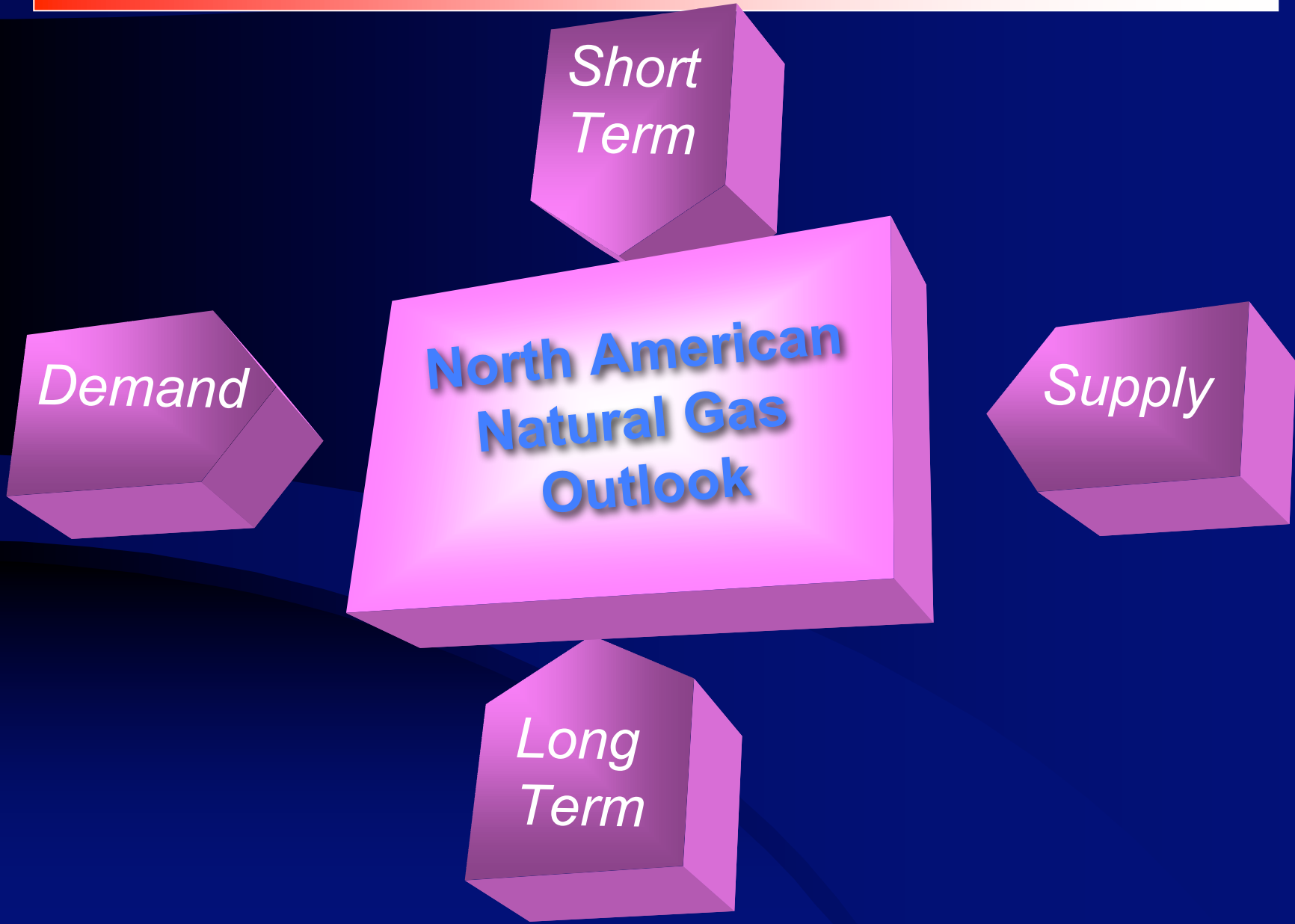*Gas Marketing*

ExxonMobil *Gas Marketing*

A New Name ...   a Long History

EXXON   Mobil   Esso

Today's Discussion:

Short Term

Demand

North American Natural Gas Outlook

Supply

Long Term

Gas Drilling

$/MCF

Gas Drilling Rigs

Henry Hub Spot Price

- Low gas prices in early and late 90's discouraged gas drilling
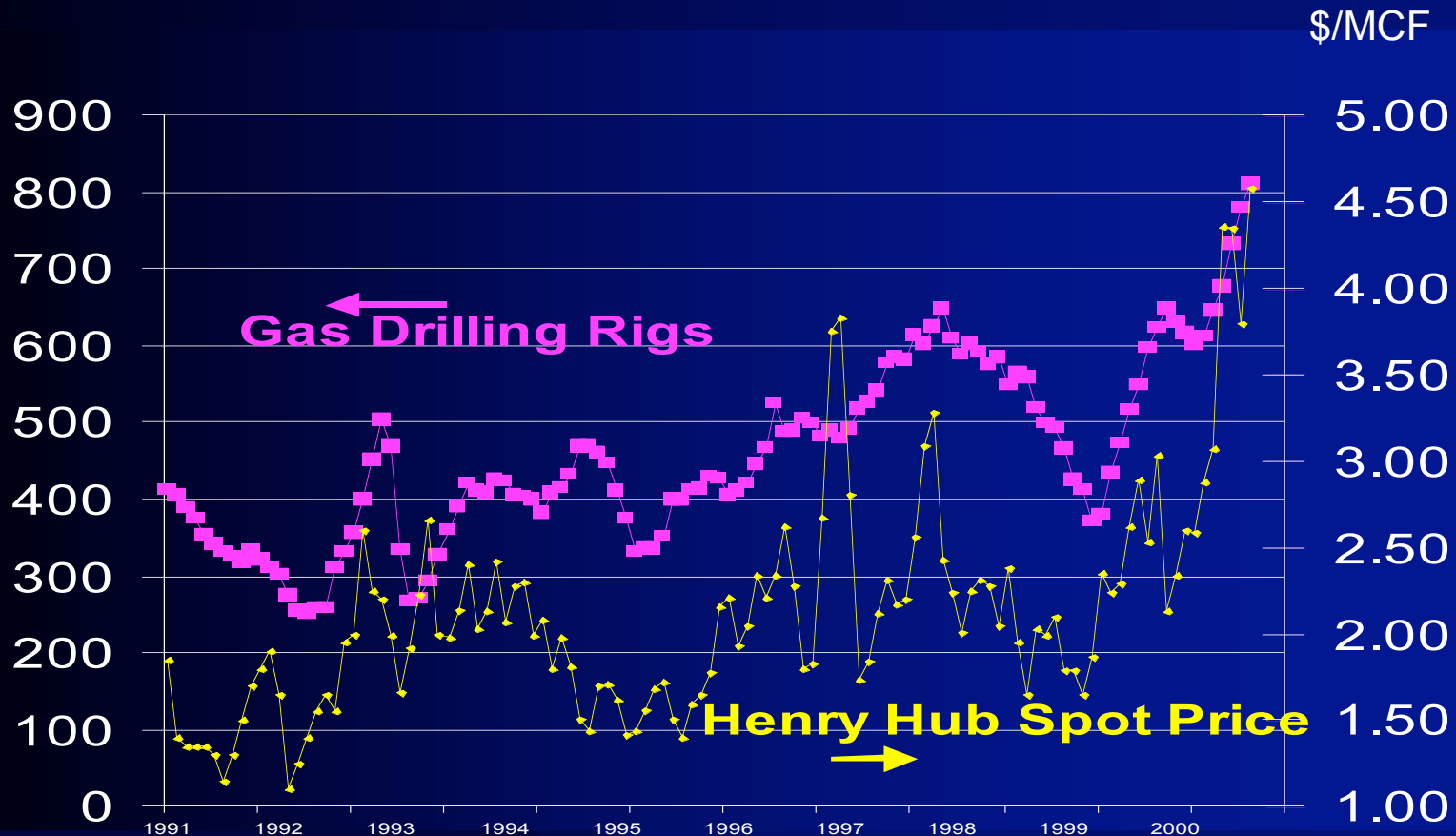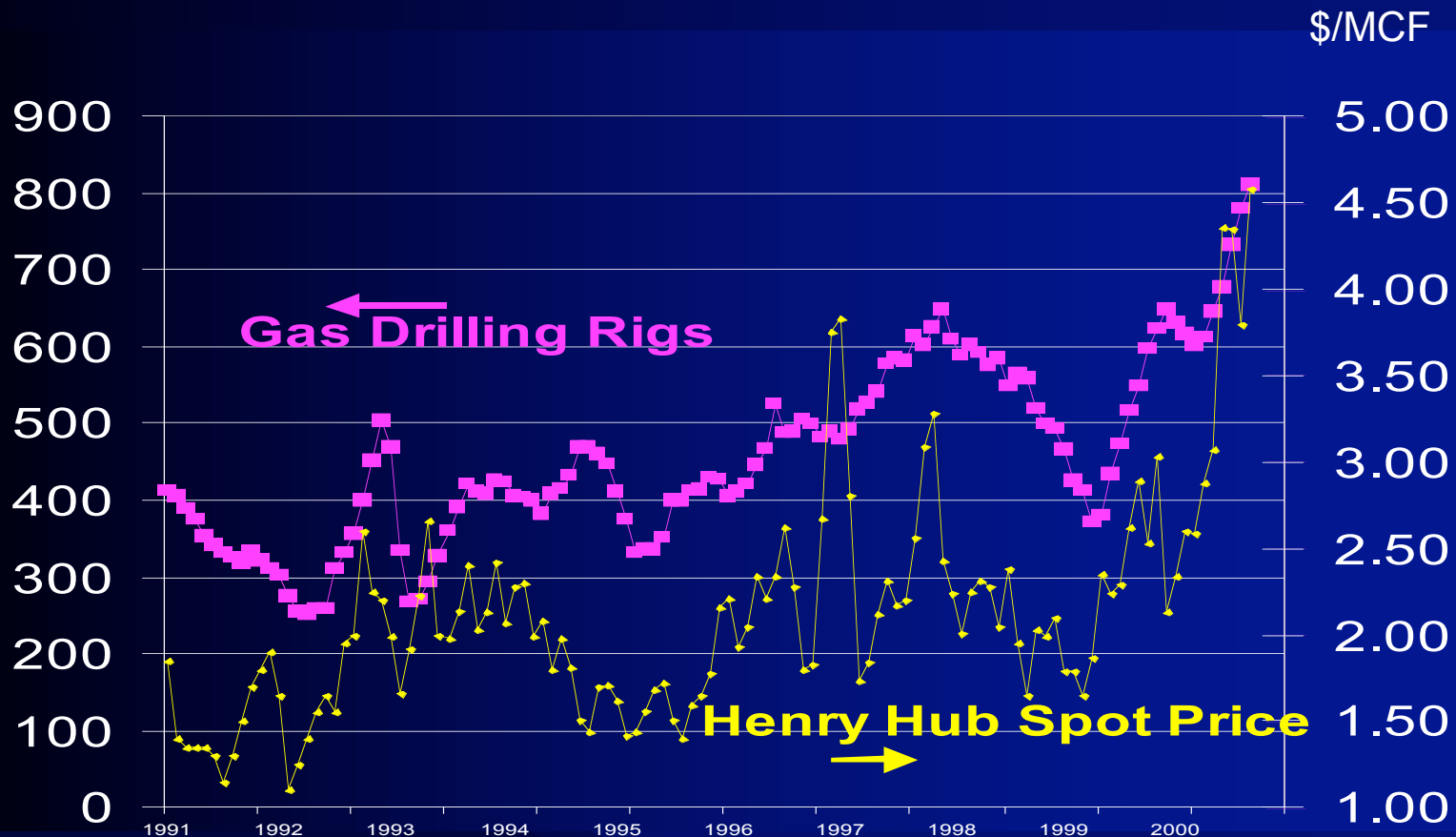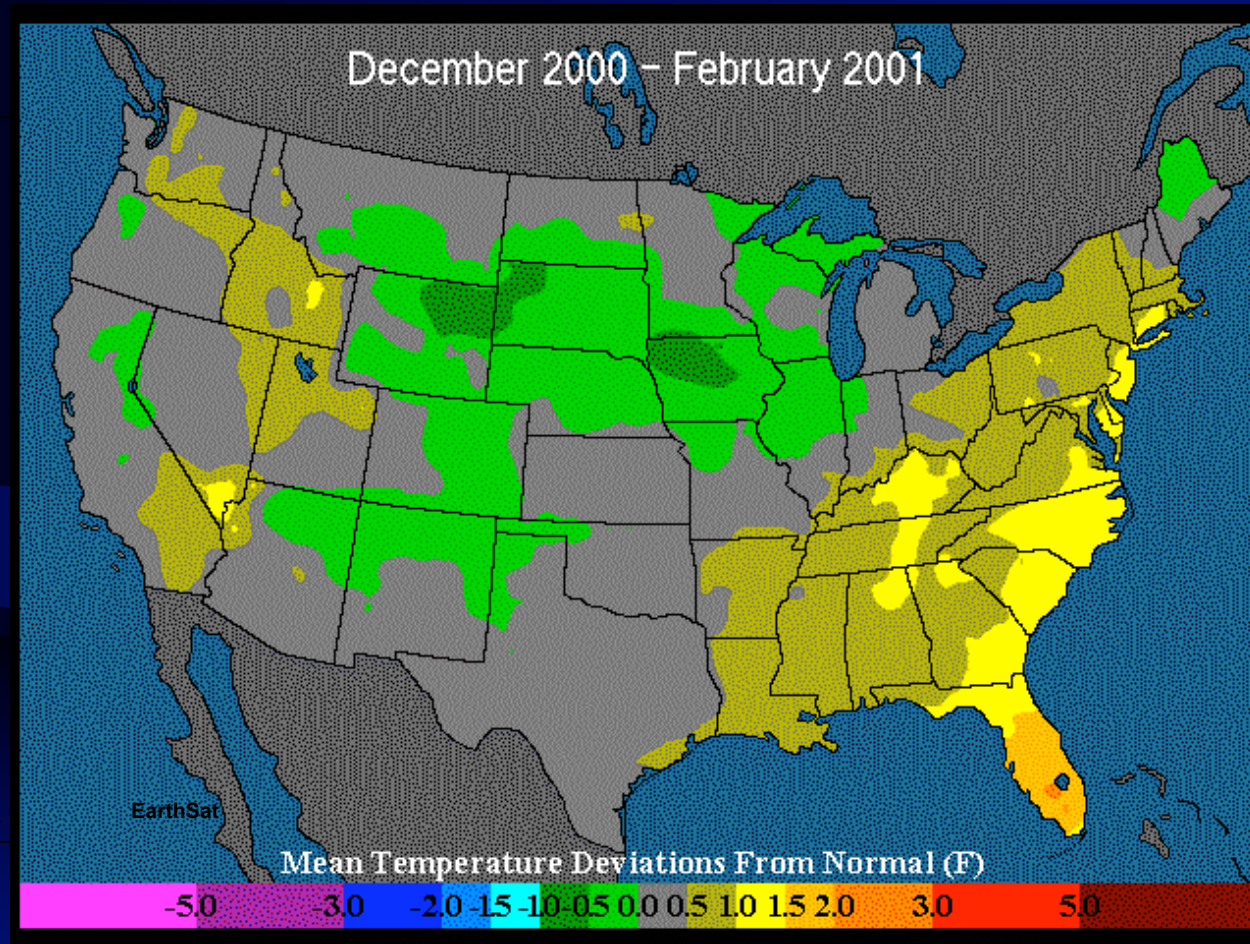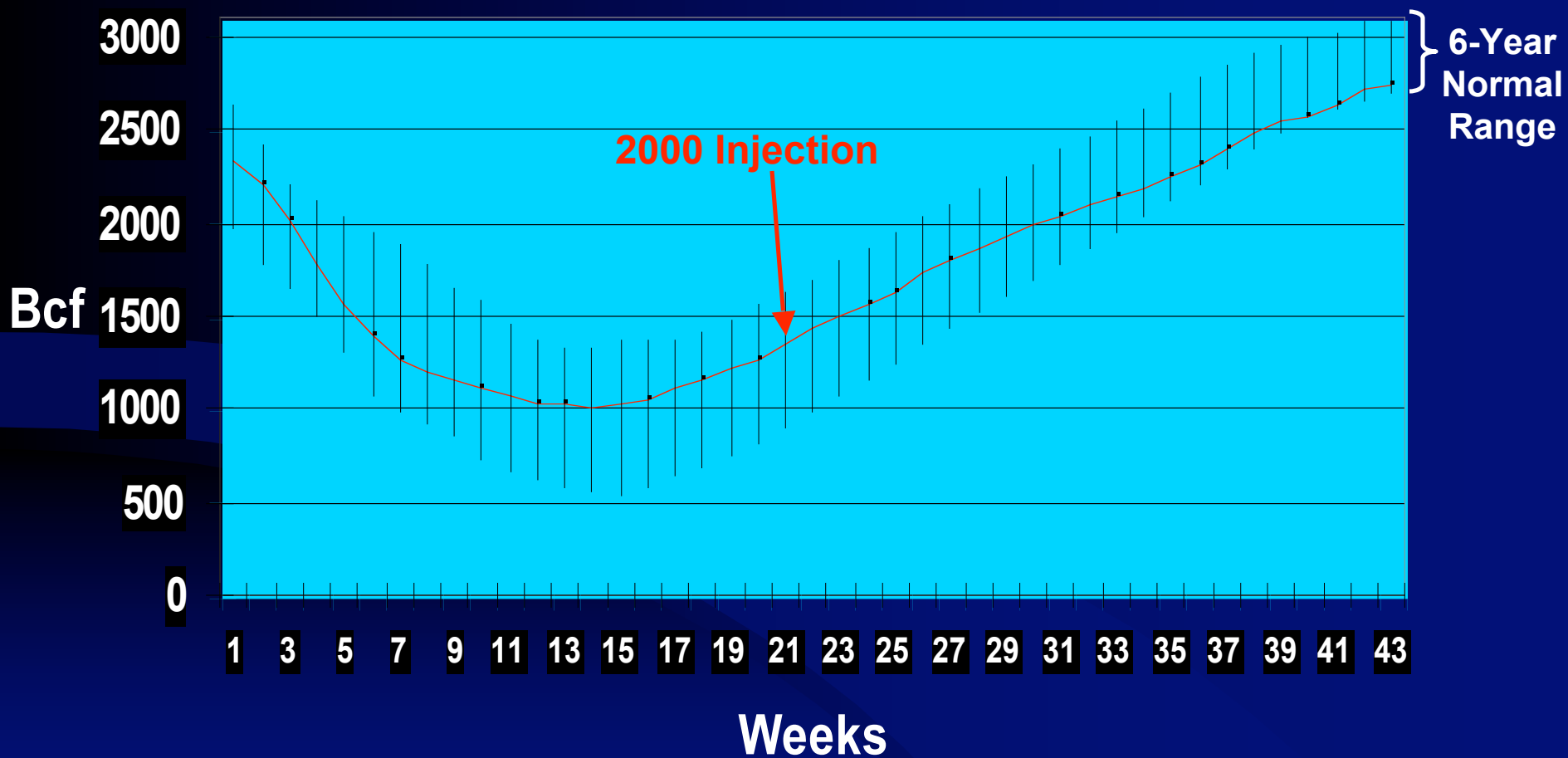- Producers respond rapidly to price signals; gas rigs have doubled

Gas Drilling

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Winter 2000/01 Weather Outlook

December 2000 – February 2001

Mean Temperature Deviations From Normal (F)

EarthSat
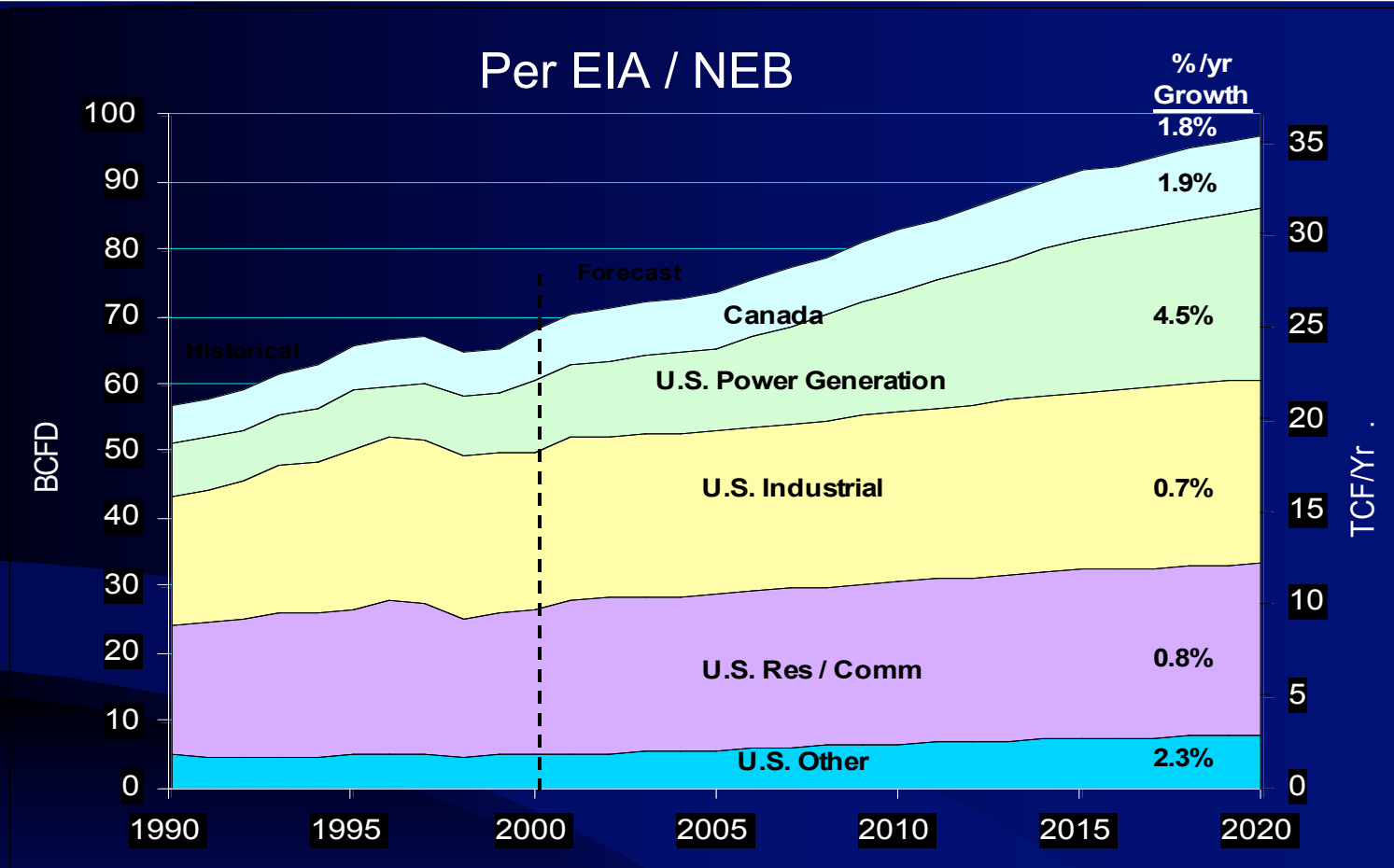
Year 2000 Gas Storage Injections

Long Term - U.S. Natural Gas Demand
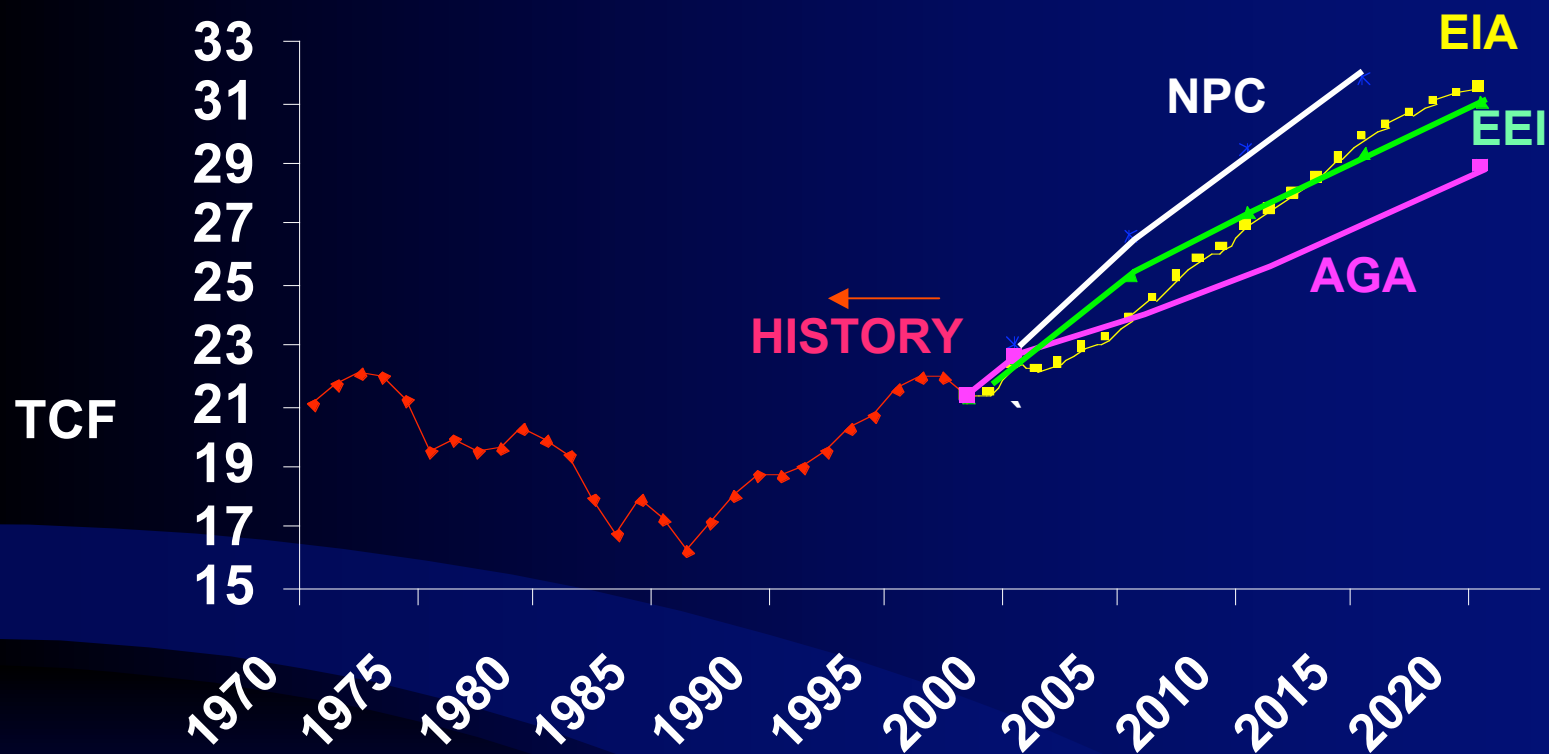
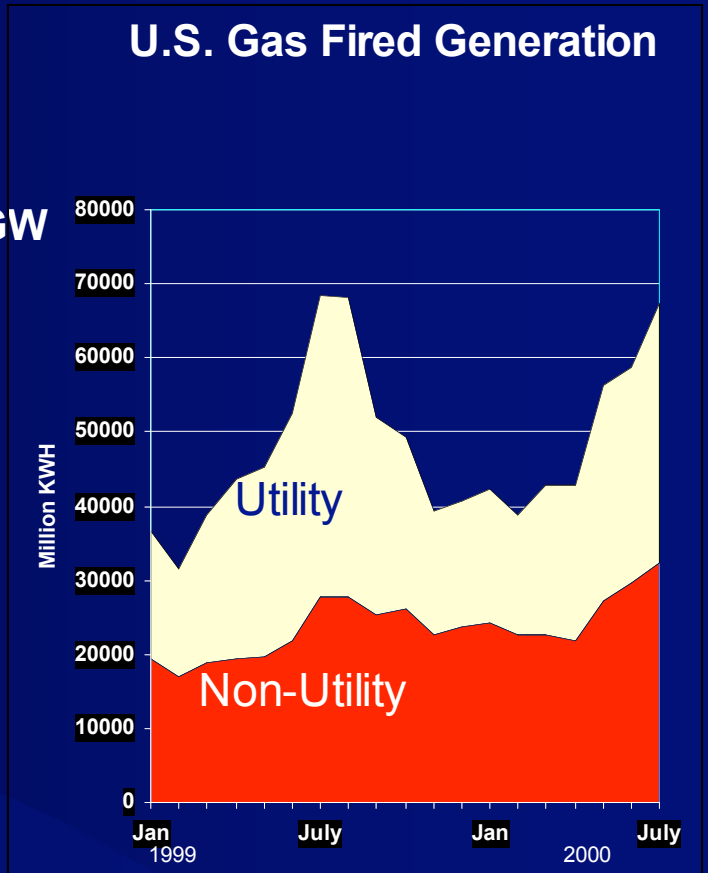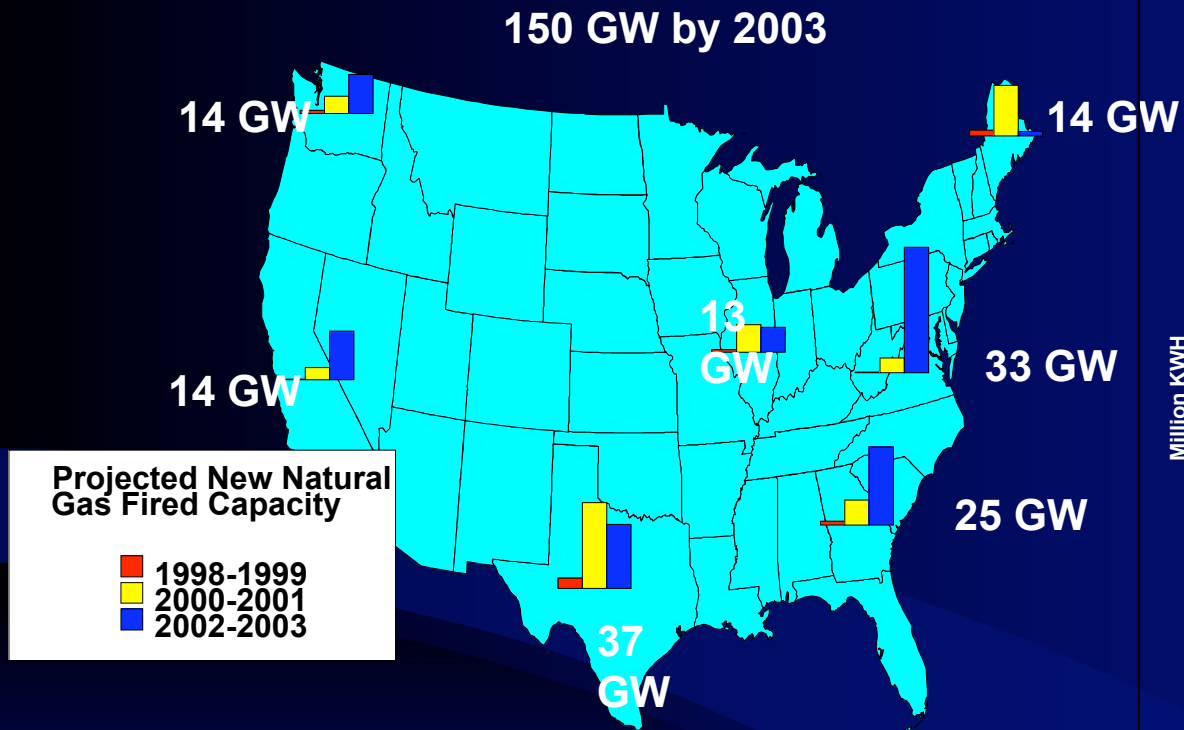- Wide range in outlooks

- Demand is sensitive to price, alternate fuels competition, economic growth

North American Gas Demand Sectors

Per EIA / NEB

%/yr Growth

1.8%

1.9%

4.5%

Canada

U.S. Power Generation

U.S. Industrial — 0.7%

U.S. Res / Comm — 0.8%

U.S. Other — 2.3%

Forecast

Historical

BCFD

TCF/Yr

- Growth in all sectors
- Power generation growth significantly above the average

Gas-Fired Generating Capacity

150 GW by 2003

14 GW

14 GW

13 GW

14 GW

33 GW

25 GW

37 GW

Projected New Natural Gas Fired Capacity

- 1998-1999
- 2000-2001
- 2002-2003

U.S. Gas Fired Generation

Million KWH

80000
70000
60000
50000
40000
30000
20000
10000
0

Utility

Non-Utility

Jan 1999   July   Jan   July 2000
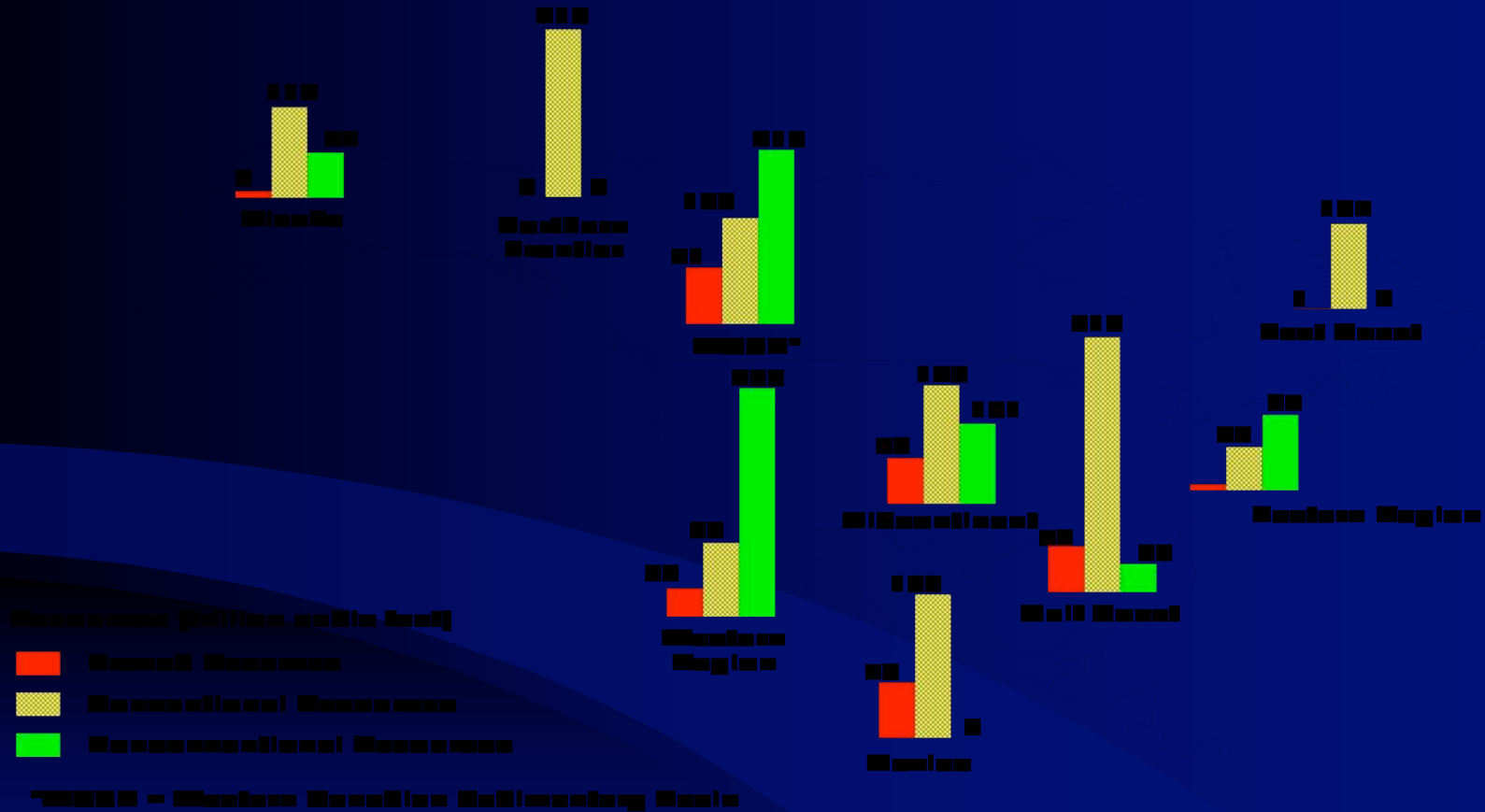
- Major generation expansions in progress and planned
- YTD 2000 gas generation 10% above 1999; non-utility up 26%
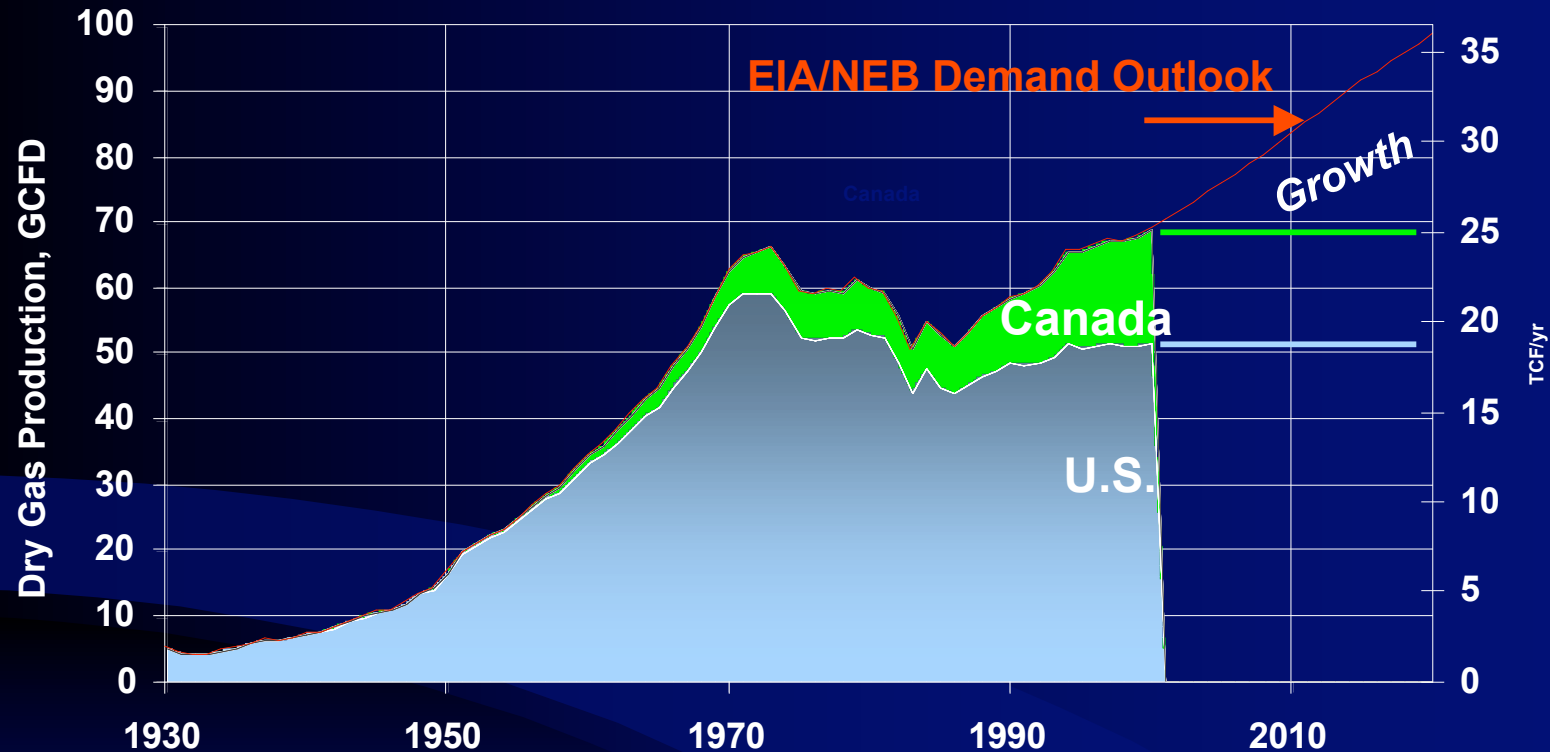
Technically Recoverable Gas Resources (EIA)

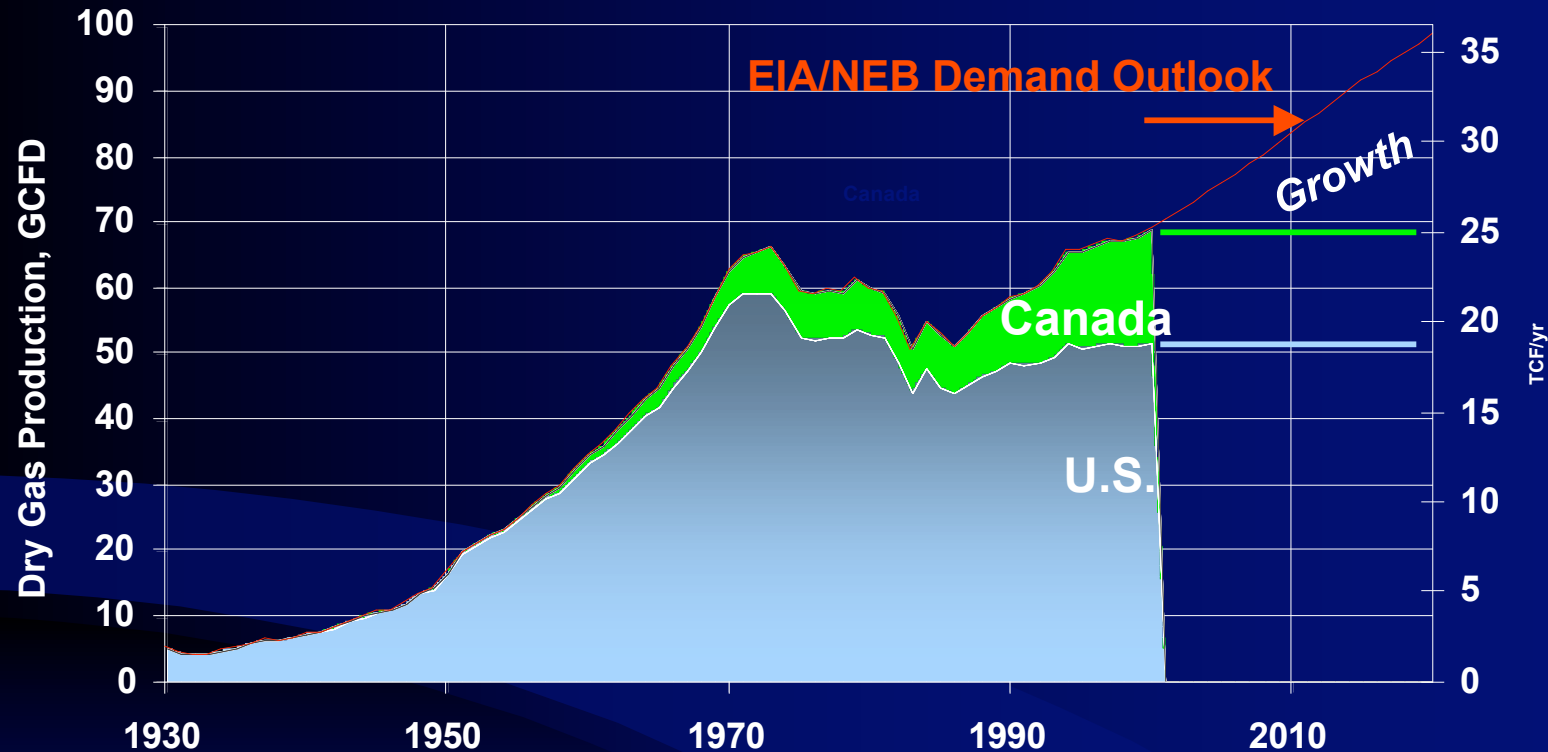## North America Comprises Up To 2,500 TCF

- Large and adequate resource base

North America Production / Demand Outlook

- Demand profile sensitive to gas prices; alternate fuel competition
- Step change in supplies required to meet forecast demand
- Opportunity for Alaska North Slope and Mackenzie Delta gas
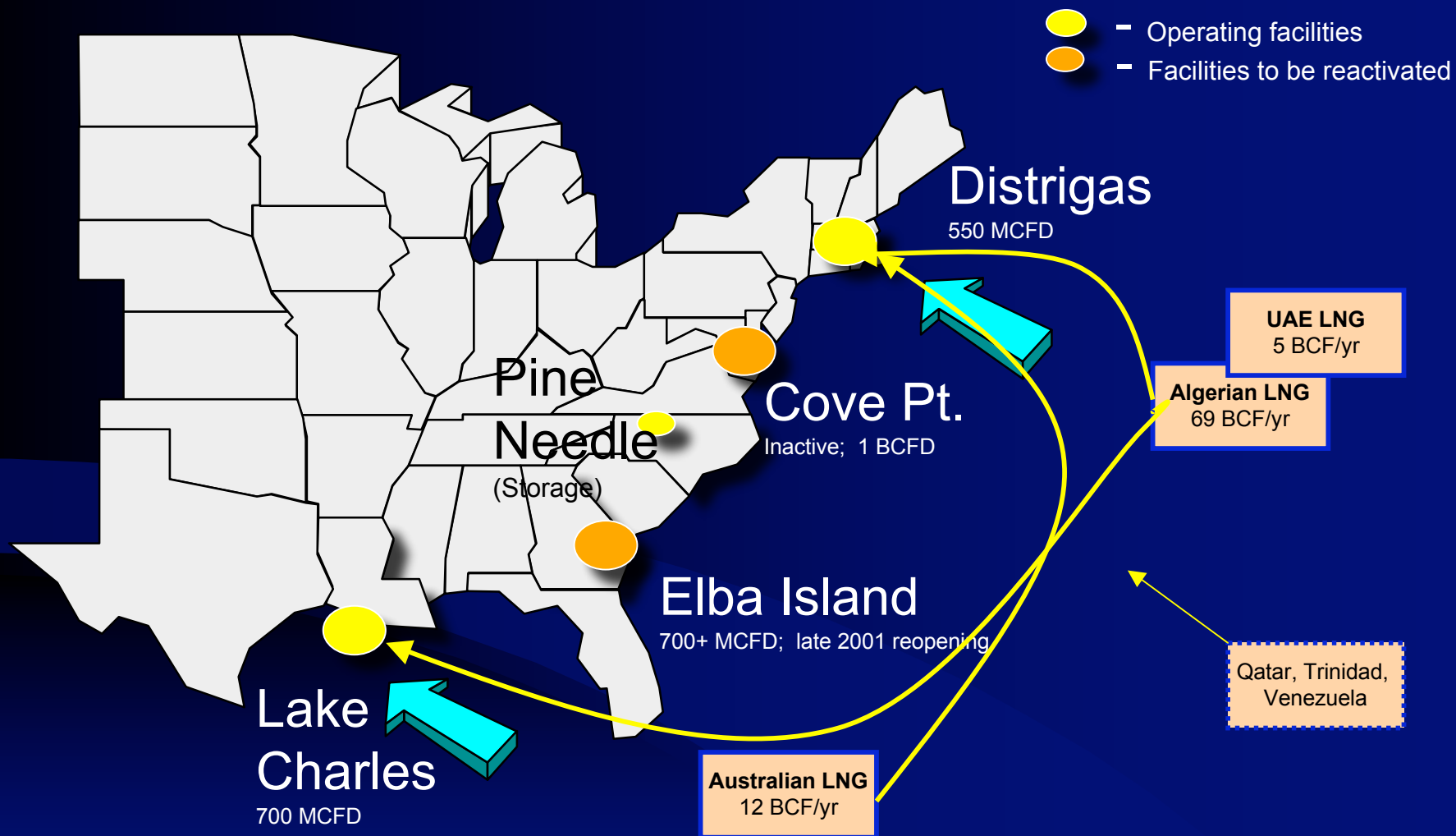
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Major LNG Import Facilities

Operating facilities
Facilities to be reactivated

Distrigas
550 MCFD

UAE LNG
5 BCF/yr

Algerian LNG
69 BCF/yr

Pine Needle
(Storage)

Cove Pt.
Inactive; 1 BCFD

Elba Island
700+ MCFD; late 2001 reopening

Qatar, Trinidad, Venezuela

Lake Charles
700 MCFD

Australian LNG
12 BCF/yr

- Growth potential with expanded shipping, re-gasification facilities

Parting Thoughts

- Natural gas market is highly competitive and responsive to market signals

- Gas demand outlook is very positive

- Adequate resource base to meet projected demand

- New supplies must be cost competitive

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