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<th><strong>Docket Number:</strong></th>
<th>17-IEPR-04</th>
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<tr>
<td><strong>Project Title:</strong></td>
<td>Natural Gas Outlook</td>
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<td><strong>Document Title:</strong></td>
<td>US Gas Fundamentals Going Global</td>
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<td>4.25.2017 Presentation by Michael Thomas of BP Energy Company</td>
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<td><strong>Filer:</strong></td>
<td>Raquel Kravitz</td>
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U.S. Gas Fundamentals: Going Global

Michael Thomas
BP Energy Company / April 2017
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<table>
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<th>BP in the U.S.</th>
<th>BP invested</th>
<th>BP paid</th>
<th>BP invested</th>
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<tr>
<td>BP supports more than 145,000 jobs across the U.S.</td>
<td>$90 billion in the U.S. from 2006 through 2015*</td>
<td>13,000 U.S. vendors in 2015</td>
<td>$147 million in U.S. community programs (2011-2015)</td>
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<td>Safety is our No. 1 priority</td>
<td>BP employs more than 14,000 people across the U.S.</td>
<td>BP generated $80 billion in economic value in the U.S. in 2015</td>
<td>In 2015, BP produced 643,000 barrels of oil and natural gas equivalent per day in the U.S.</td>
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The leading North American gas marketer

Expansive Presence

- A full suite of **physical and financial** services from basin to burner tip
- We’re active in every major basin, in every corridor, and in every major market.

Strength in Numbers

- 1st oil and gas major to register as a swap dealer*
- Approx. 23 bcf/day of physical purchases and sales*
- About 10 bcf/day firm interstate transport capacity in 2015*

*Platts; BP Energy Company is provisionally registered under the US Dodd Frank Act
Renewable gas solutions for the transportation sector

We are active in RINS & LCFS generation from landfill biogas.

We deliver transport fuels in addition to associated environmental credits, and we optimize value for both buyers and sellers.

We provide credits to customers to meet sustainability initiatives.

- Web of assets to fulfill requirements
- Active at state/federal levels
- Understand regulatory and reporting requirements
- Offer innovative structures
- Strong balance sheet

300,000+ Compliant LCFS Credits

130+ Million Renewable Identification Numbers (RINS)

15 Registered Biogas Pathways

80+ CNG & LNG Fueling Stations
Many fundamental variables drive North American gas prices...
U.S. gas supply: Many in the market are projecting a return to growth

Source: EIA Short Term Energy Outlook, April 2017; Various External Consultants, March 2017
Mexican gas exports: More infrastructure on the way

Operating Pipelines
- Pipelines completed in 2014-2015
- Pipelines under construction
- Awarded Pipelines
- CFE Planned Pipelines
- Compression Station

Source: Sener, EIA, March 2017

1. **NET Mexico / Los Ramones:** 2.1 Bcf/d – Dec 2014
2. **Trans-Pecos:** 1.4 Bcf/d – Mar 2017
3. **Comanche Trail:** 1.1 Bcf/d – Jan 2017
4. **Nueva Era:** 0.5 – 1.2 Bcf/d: Jul 2017
5. **Brownsville to Tuxpan:** 2.6 Bcf/d – May 2018

Mexican gas exports: More infrastructure on the way
U.S. LNG export capacity: What will be the impact to the global markets?

Sources: EIA, Department of Energy, FERC, various companies websites, Platts, Heren, 4/6/2017

Sabine Pass flowing 2.3 Bcfd (4/21/2017)
U.S. expected to play increasing role in meeting world gas demand via LNG

Source: BP 2035 Energy Outlook
Global natural gas demand expected to grow over the long-term

Source: BP 2035 Energy Outlook
U.S. generation capacity changes: Coal and nuke retirements, gas and renewable builds

Source: Energy Velocity, 02/16/2017
Growing renewables capacity:
A California example – need for flexibility

Source: CAISO, EIA, Energy Velocity, March 2017
Long-term Henry Hub spot price outlooks

View of crude oil prices, competing fuels, supply costs, production growth, structural demand trends and global trade flows will influence gas price outlook

Source: NYMEX, Various External Consultants, 4/18/2017
Key insights

- North American market works: price works to balance supply and demand
- **Short-term factors** such as weather play important role in overall balances, price trends
- U.S. natural gas supply is expected to grow over the long term
- **Natural gas exports** (Mexico, LNG) projected to be key demand driver in medium term as global demand for cleaner fuels grows
- Pricing relationships will continue to evolve – **risk management** is key
- **Natural gas is important** part of future power generation and transportation fuel mix – clean, flexible
Questions?