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The Future of LNG: Growth Spurts or Growing Pains?

- Industry background
- BG’s US experience (2002 – present)
- Key issues
- The future
US LNG imports – the story so far ....

US LNG imports by source

- Other (includes Qatar, Egypt, EG, Nigeria)
- Trinidad
- Algeria

Source: DOE 2007
LNG trade growth


US market uplifted industry growth
# US LNG market – engine of growth 2002+

## Supply projects

<table>
<thead>
<tr>
<th>Project</th>
<th>mtpa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skikda</td>
<td>1.2</td>
</tr>
<tr>
<td>Gassi Touil</td>
<td>4.0</td>
</tr>
<tr>
<td>ALNG t 4</td>
<td>5.2</td>
</tr>
<tr>
<td>NLNG t 6,7</td>
<td>12.0</td>
</tr>
<tr>
<td>Brass LNG t 1, 2</td>
<td>10.0</td>
</tr>
<tr>
<td>OK LNG t 1, 2</td>
<td>11.0</td>
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<tr>
<td>ELNG t 2</td>
<td>3.6</td>
</tr>
<tr>
<td>EG t 1</td>
<td>3.7</td>
</tr>
<tr>
<td>Snohvit t 1</td>
<td>1.8</td>
</tr>
<tr>
<td>Qatargas t 6,7</td>
<td>15.6</td>
</tr>
<tr>
<td>RasGas t 6,7</td>
<td>15.6</td>
</tr>
<tr>
<td>Angola t 1</td>
<td>5.0</td>
</tr>
<tr>
<td>Yemen t 1,2</td>
<td>4.5</td>
</tr>
</tbody>
</table>

**Total LNG = 96.5 mtpa**

### Key
- **Operational**: Operational projects are currently in operation.
- **Planned**: Planned projects are under consideration for future operations.
- **Operational & planned**: Operational projects that are already in operation and under consideration for future operations.
- **Underconstruction**: Projects are currently under construction.

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![Image of LNG facilities in the US](image_url)
US LNG market – a global sink/source

Atlantic Basin
- Deep, liquid market
- Spot sink/source
- Strong seasonal pull
- Spot at premium prices

Europe

US

Pacific Basin
- Strong seasonal pull
- Spot at premium prices
- Deep, liquid market
- Spot sink/source

US emerging as global LNG balancing market

N.E. Asia

India

US as balancing market
- at present
- near future

Brazil

Chile

Traded markets
Bilateral markets
Other markets
Natural Gas prices – various markets

- Exogenous factors
- High oil / gas prices
- Supply tightness
- Globalization of trade

All driving arbitrage opportunities

Market price overlap – global arbitrage opportunities emerging
Lake Charles import terminal

Flexible center of an evolving industry


US as the balancing market in action
US as part of the global marketplace

Evidence of US emergence in global marketplace

2002 – Present
10 Suppliers
14 Markets

*Commissioning cargo

BG’s US imports
BG’s sales
• LNG’s role in US gas supply
• How does the US currently obtain the LNG it needs?
• Is there a need to change LNG procurement in the US?
• If so, what is needed to encourage contractual arrangements for LNG supply that will meet expected US demand for natural gas?
• Is imported LNG a dependable supply source?
• How is the U.S.’s role in the world LNG market changing?

Is the glass is half empty?
Where will all the LNG go?

2010 view of the global LNG balance


2006 seasonality superimposed on 2010 demand
US is the world’s LNG balancing market

2010 estimated North American LNG volumes by month

- **NA contracted** (3.0 tcf)
- **NA imports** (2.6 tcf)

*Excludes Altamira


Spot inflows observed during the summer
US LNG imports

*N America – LNG contracted*

Japan (LNG imports)

Can/Mex

US LNG imports

US gas via Can/Mex

bcf/d

Source: Wood Mackenzie (2007), BG

...Worlds largest LNG consumer by middle of next decade?
Thank you