

Katrina and Rita Impacts on Supply, Facilities, Price and People

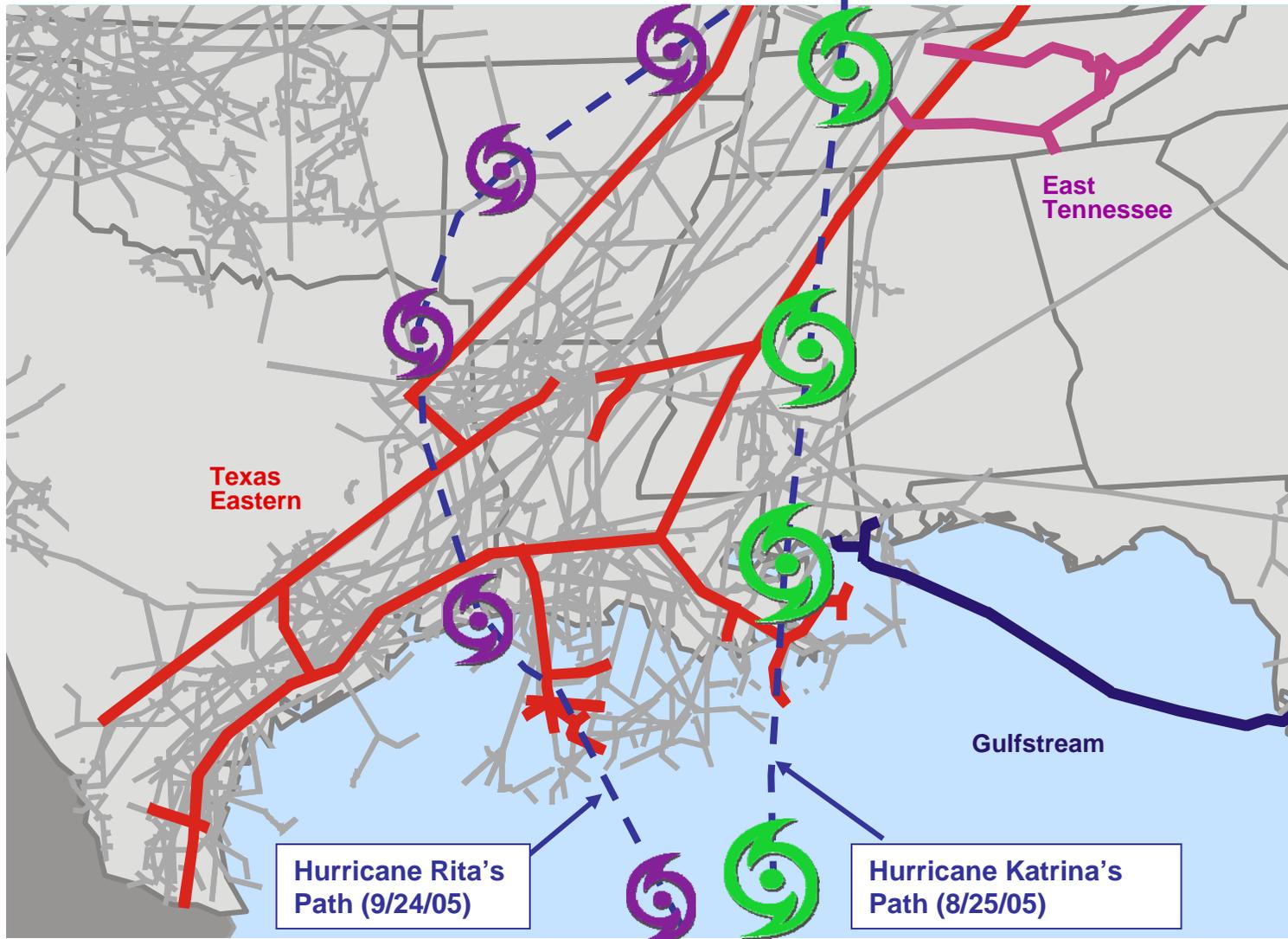


FERC State of the Natural Gas
Infrastructure Conference

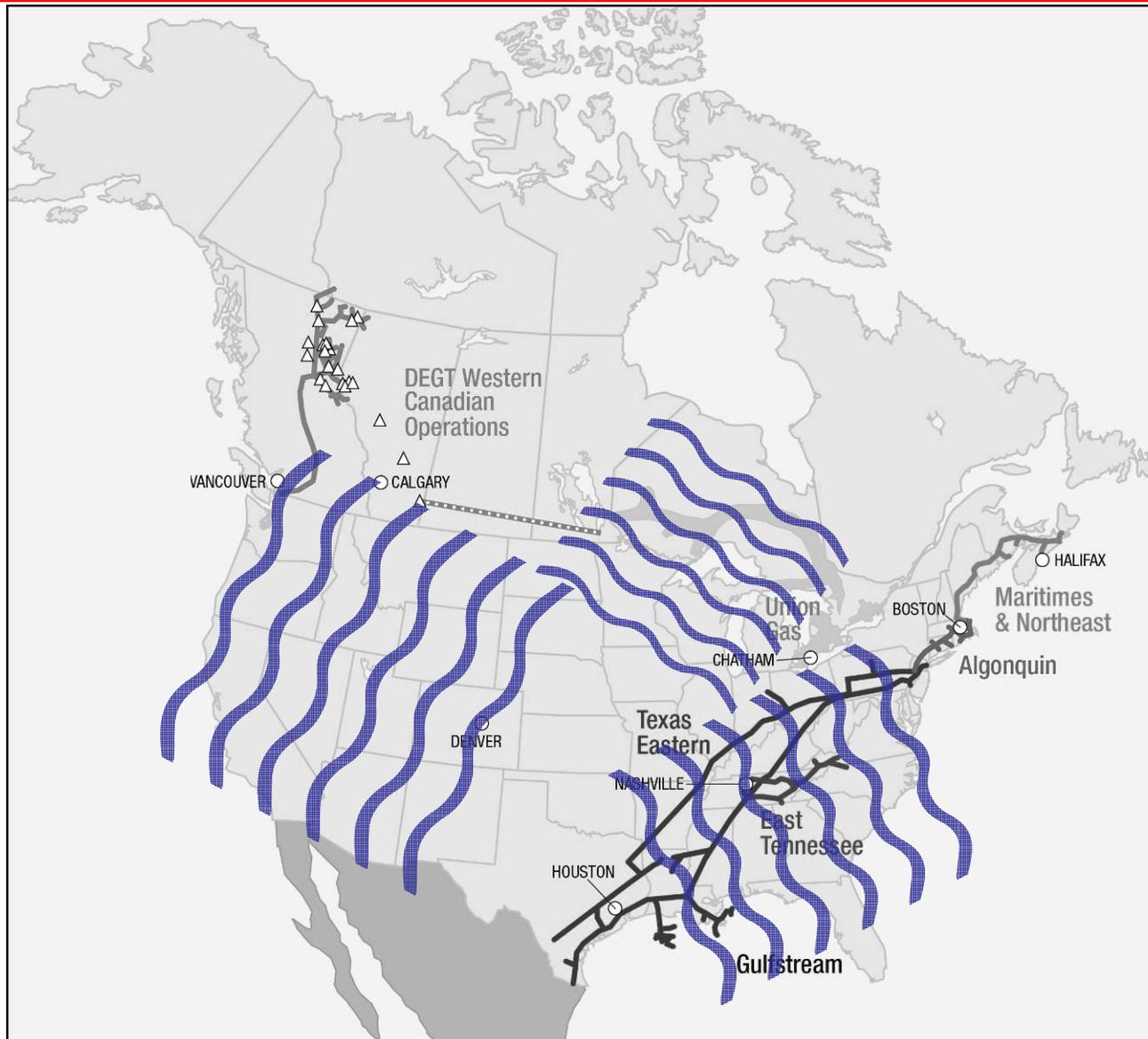
Martha Wyrsh

October 12, 2005

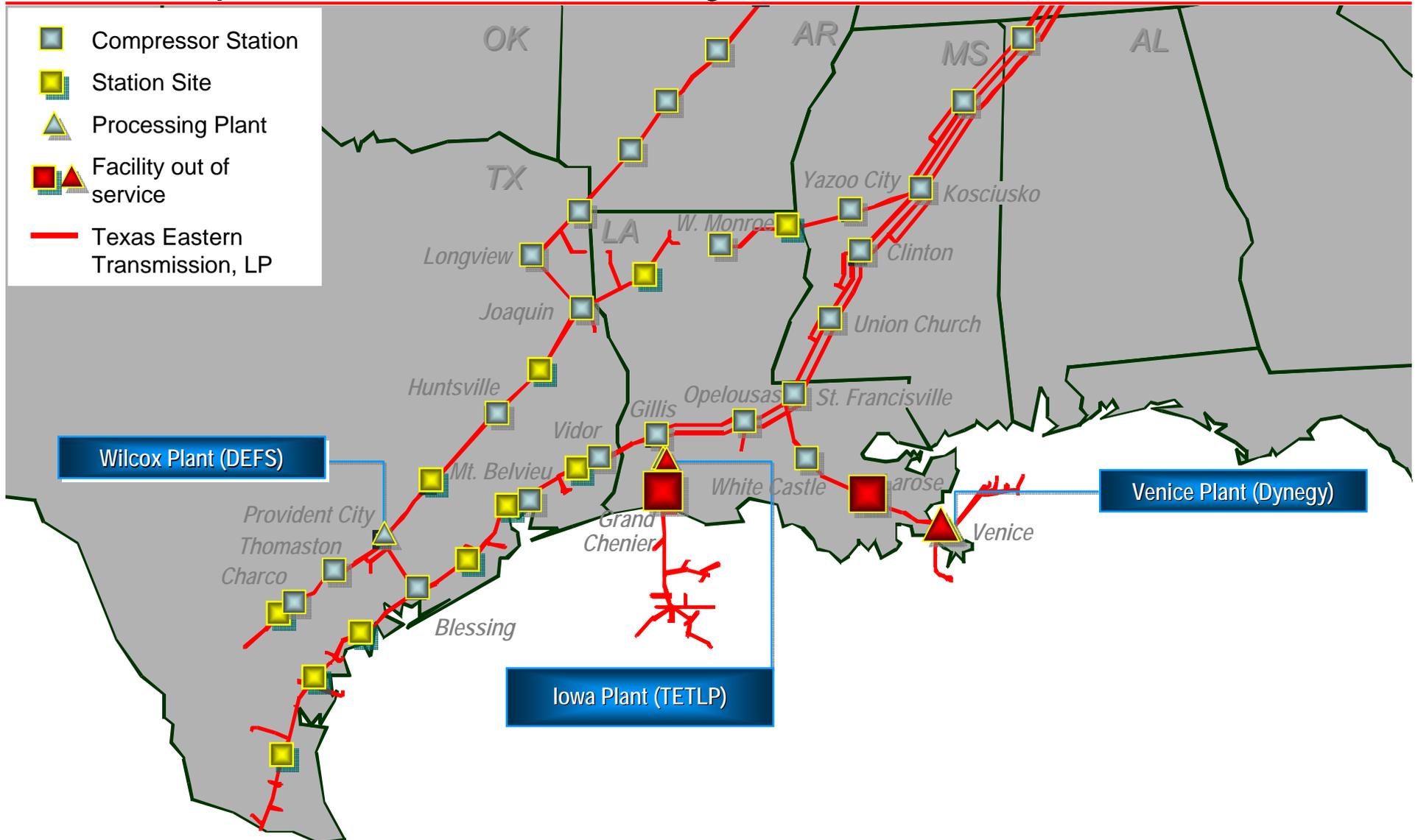
Hurricanes Katrina and Rita



Impacts Seen Far and Wide



Impacts on the TETLP system

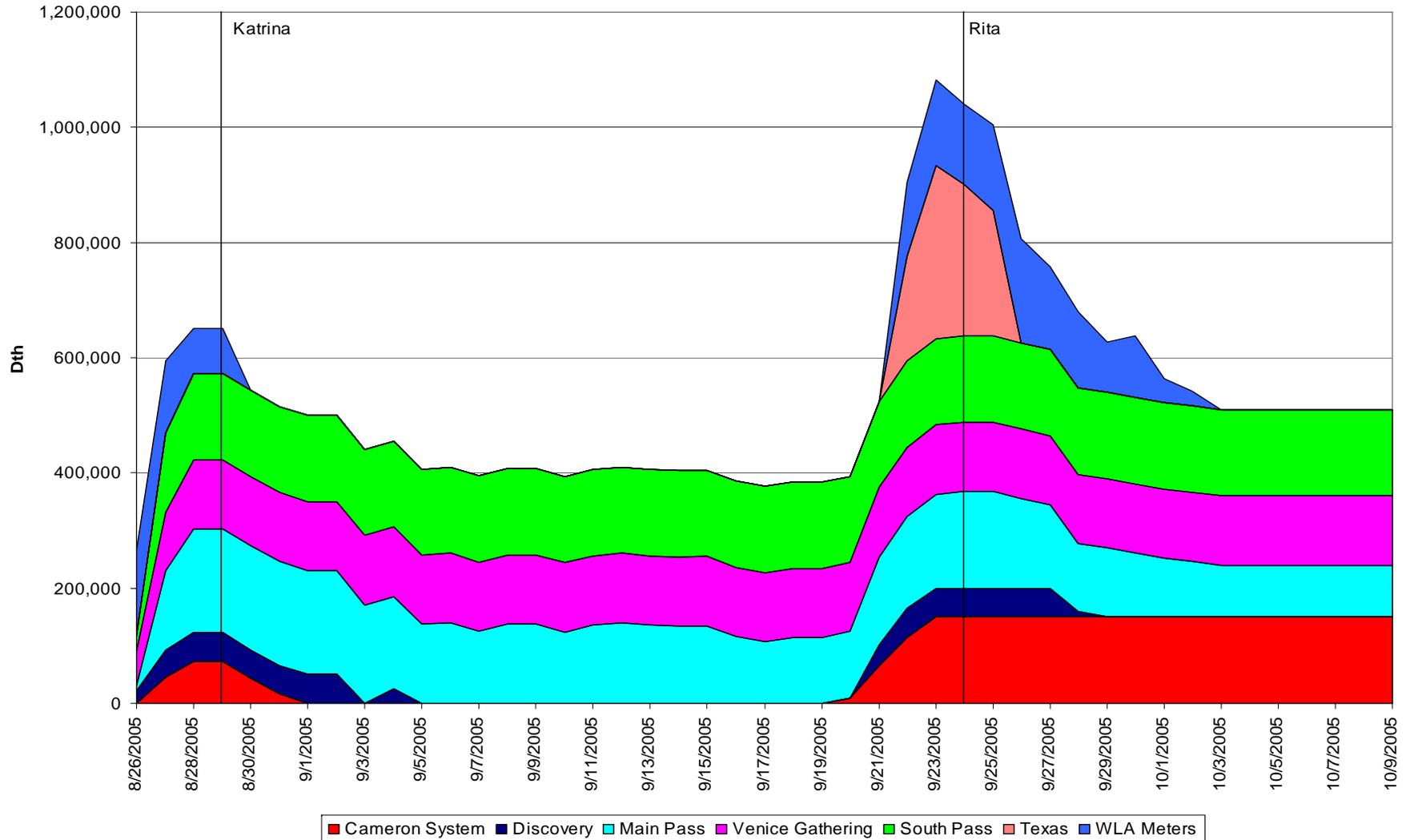


Texas Eastern Supply Impacts

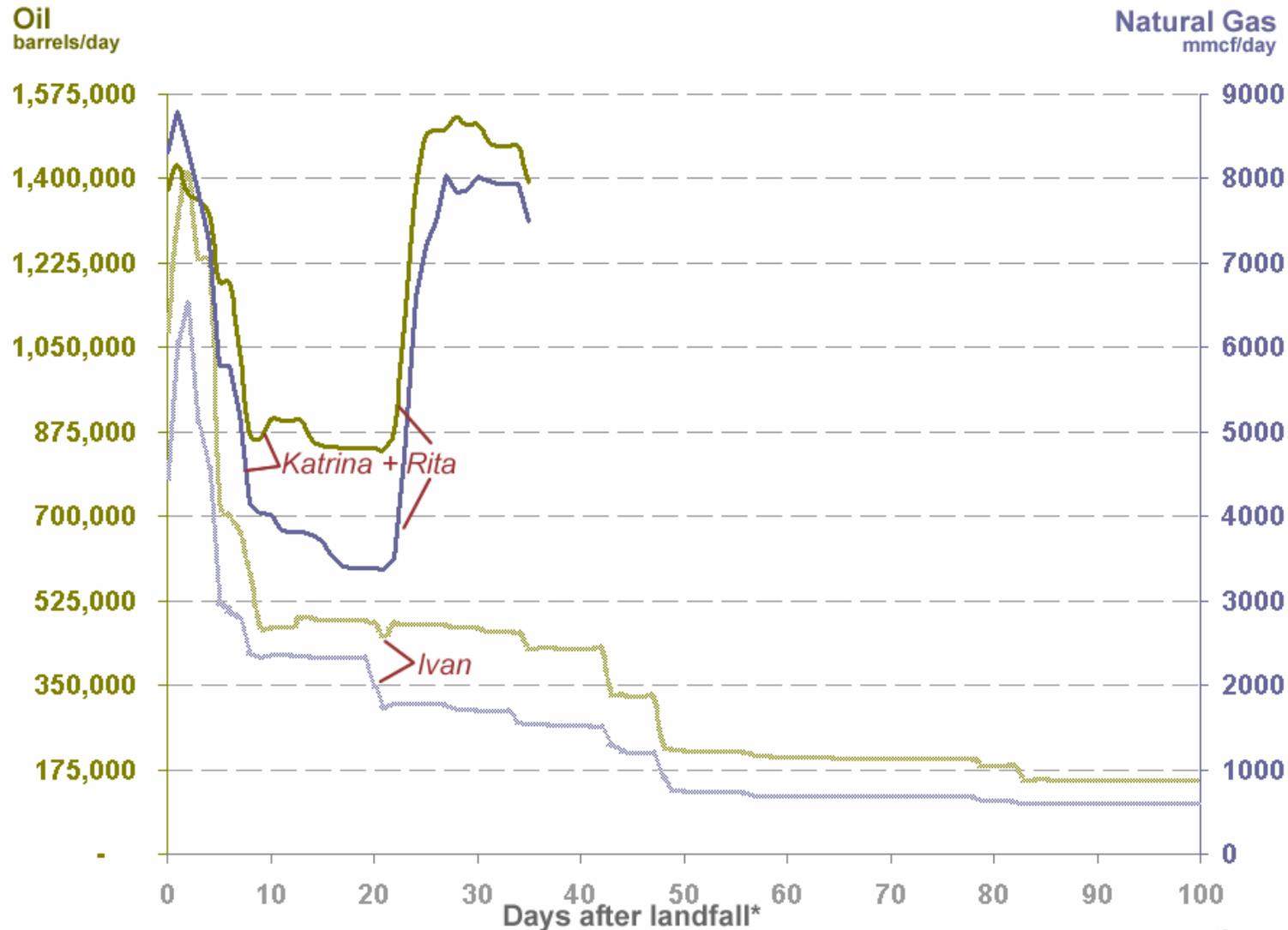
TETLP Supply Impacts (MMcf)

<u>Source</u>	<u>Post Katrina</u>	<u>Pre-Rita</u>	<u>Post-Rita</u>	<u>Oct 11, 2005</u>
South Pass	(150)	(150)	(150)	(150)
Main Pass	(180)	(120)	(180)	(90)
Discovery	(50)	0	(50)	0
Venice	(120)	(120)	(120)	(120)
Cameron	(150)	0	(150)	(150)
WLA Meters	0	0	(180)	0
Texas	<u>0</u>	<u>0</u>	<u>(300)</u>	<u>0</u>
	(650)	(390)	(1,130)	(510)

Texas Eastern - Katrina and Rita Supply Impact

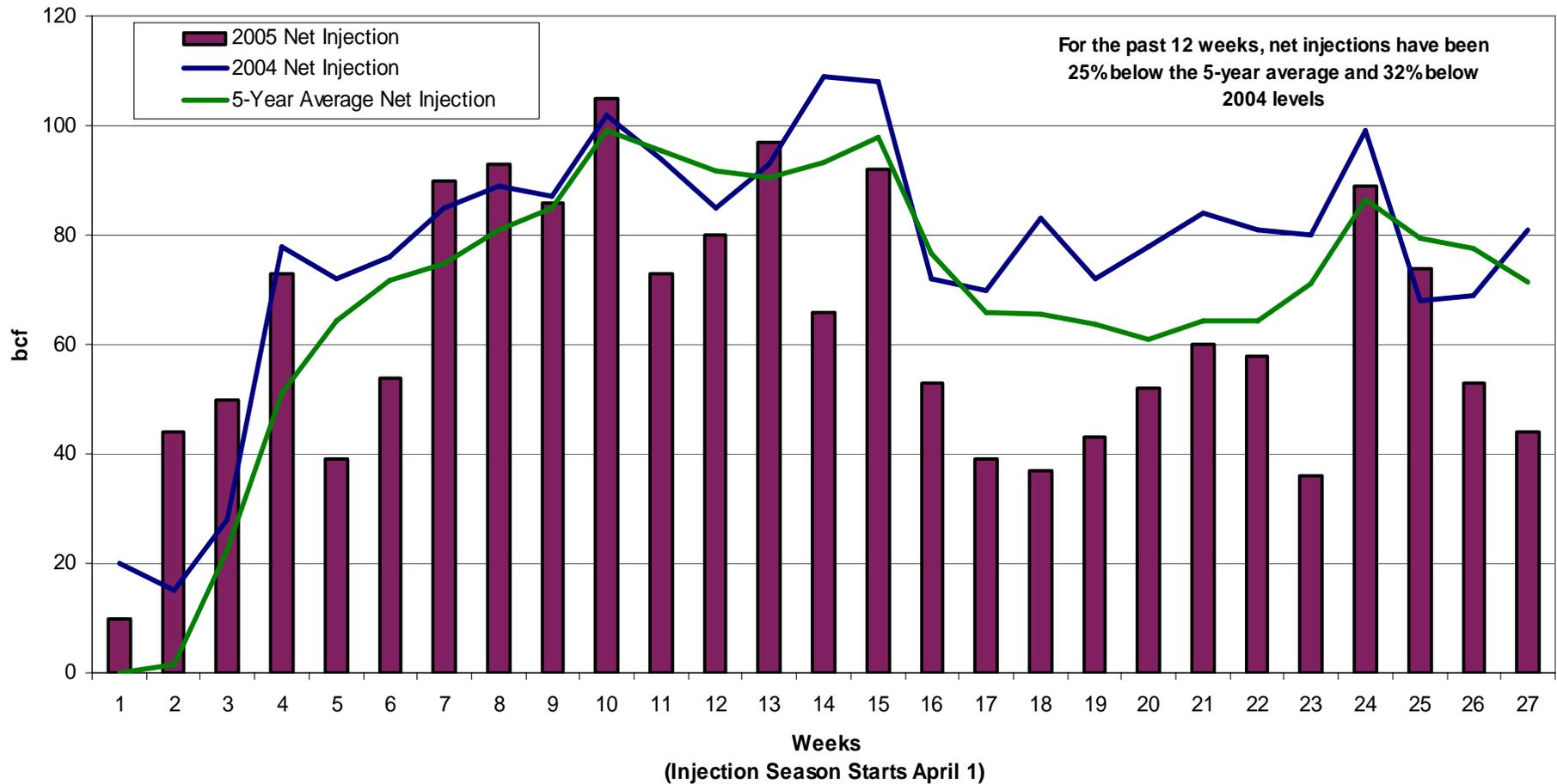


Gulf Coast: Shut-In Production Comparison of Hurricanes Ivan, Katrina & Rita



*Note: Ivan shut in roughly 130,000 bbl/d of oil and 0.3 Bcf/d of natural gas from Jan.-Mar. 2005. The graph above shows 3 months.

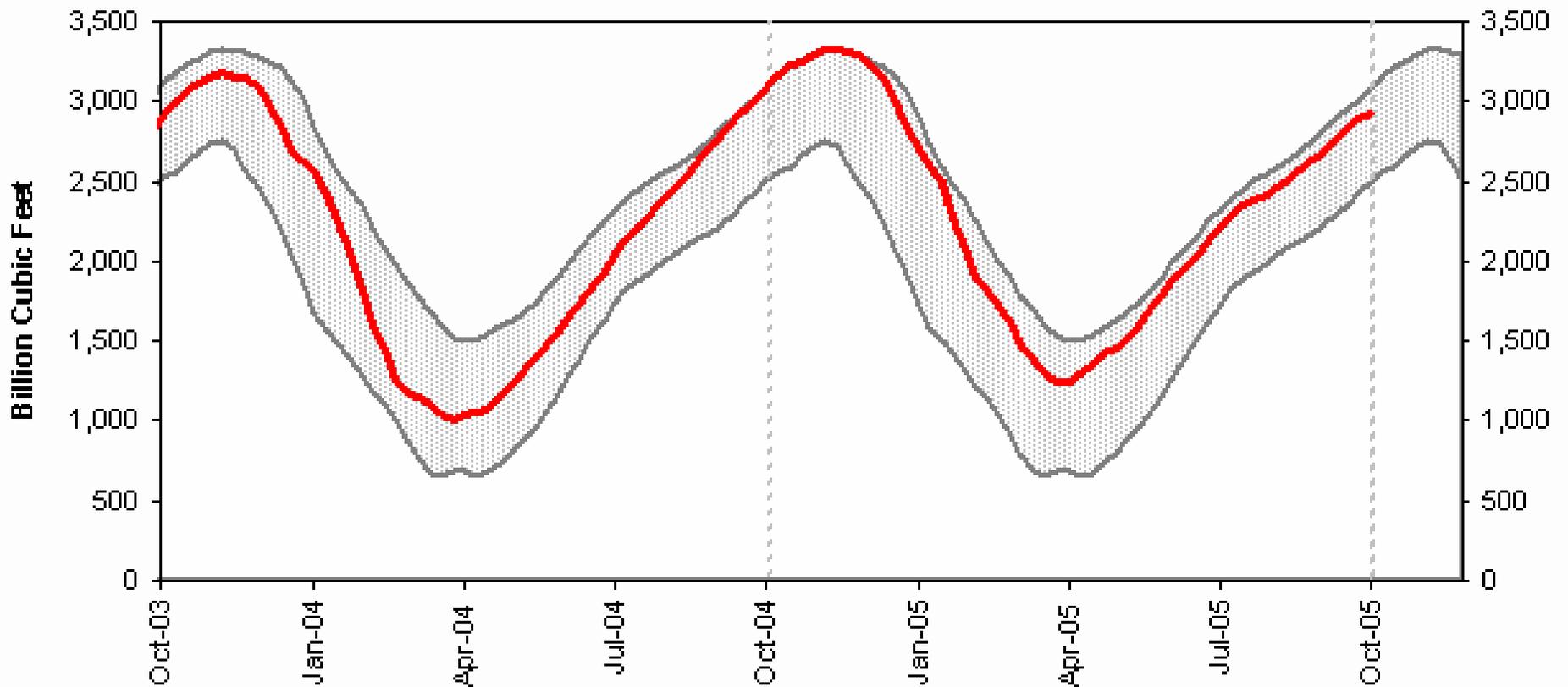
Weekly Natural Gas Injections Relative to Prior Year and 5-Year Average



Source: Energy Information Administration, Department of Energy

Storage Inventory Status

Working Gas in Underground Storage Compared with 5-Year Range



Source: Form EIA-912, "Weekly Underground Natural Gas Storage Report." The dashed vertical lines indicate current and year-ago weekly periods.

DEGT Storage Inventory Status

- Market Area
 - EIA East Region – 1,733 Bcf (90% full)
 - Texas Eastern – 63 Bcf (84% full)

- Supply Area
 - EIA Producing Region – 787 Bcf (81 % full)
 - Market Hub Partners – 22 Bcf (64% full)

Number of Gulf Coast Natural Gas Processing Facilities Out

Potential Impacts on GOM Gas Supply from Processing Facility Outages	Number of Facilities	Capacity (MMcf/d)	Throughput (MMcf/d)
Katrina Facilities (Central GOM)	4	4,250	2,948
Rita Facilities (Western GOM)			
Cameron Facilities	6	2,155	1,231
Vermillion Facilities	3	1,470	774
Total Rita Impacts	9	3,625	2,005
Total (All Katrina and Rita)		7,875	4,953
Assume GOM Gas Production		10,000	10,000
Percent of Total (Katrina + Cameron Only)		64%	42%
Percent of Total (Katrina + Cameron & Vermillion)		79%	50%

Source: Energy Information Administration, Department of Energy

Henry Hub, September 25, 2005



Source: LIOGA

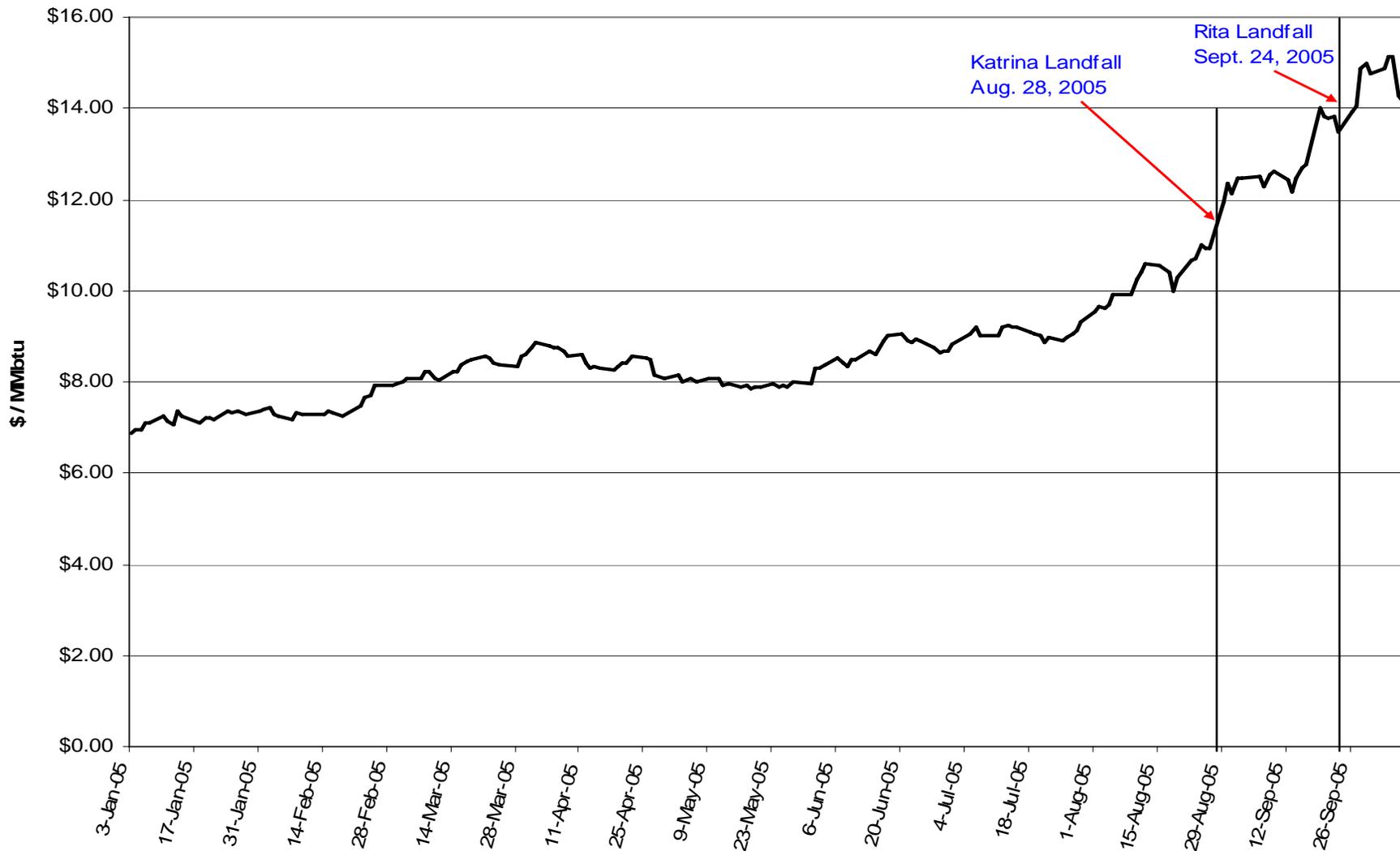
Venice Port, Supply & Crew Bases



Venice Processing Plant



Impact of Hurricanes on Natural Gas Prices – January 2006 Henry Hub Price



Source: Platts (The McGraw-Hill Companies)

Texas Eastern Katrina Impact

- Minimal damage to the Texas Eastern pipeline system
- Approximately 510 Million cubic feet of attached supply is offline as of October 10
- Winter 2005 / 2006 Implications:
 - Loss of flowing supply may affect supply / demand balance during peak periods of demand
 - Supply / demand imbalance may contribute to price volatility and may contribute to daily system imbalances
 - Texas Eastern may need to be proactive in balancing pools and managing imbalances
 - Higher natural gas prices may require increases in penalty charges to maintain compliance with Operational Flow Orders