Presentation to the Crude Oil Quality Group

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Director, Business Development

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Kinder Morgan Assets
The Kinder Morgan Strategy

**Same Strategy Since Inception**

- Focus on stable, fee-based assets which are core to the energy infrastructure of growing markets

- Increase utilization of assets while controlling costs
  - Fixed cost businesses with little variable costs
  - Improve productivity to deliver all top-line growth to bottom line

- Leverage economies of scale from incremental acquisitions and expansions
  - Reduce needless overhead
  - Apply best practices to core operations

- Maximize benefit of a unique financial structure which fits with strategy
  - MLP avoids double taxation, increasing distributions from high cash flow businesses
  - Strong balance sheet allows flexibility when raising capital for acquisitions / expansions
**KMP: Solid Asset Base Generates Stable Cash Flow**

**CO₂**
- 30% CO₂ transport and sales
- 70% oil production related
- Expected production hedged
  - 2006=88%
  - 2007=75%
  - 2008=54%

**Products Pipelines**
- Refinery hub to population center strategy
- 68% Pipelines
- 27% Associated Terminals
- 5% Transmix
- No commodity price risk

**Terminals**
- 47% Liquids, 53% Bulk
- Geographic and product diversity
- 3-4 year average contract life

**Natural Gas Pipelines**
- 51% Texas Intrastate
- 49% Rockies
- Little incidental commodity risk
**KMI: Solid Asset Base Generates Stable Income**

**Investment in KMP**
- General partner interest earns incentive distributions
- Owns 13% of total limited partner units

**NGPL**
- FERC regulated with 3-year average contract life
- Primary customers are Illinois local distribution companies
- Little incidental commodity risk

**KM Canada**
- Three major systems connected to Canadian Oilsands
- Majority of capacity committed under long-term contracts

**Retail**
- Natural gas distribution service
- Serve ~ 890,000 customers in British Columbia
- Serve ~ 245,000 customers in Colorado, Wyoming and Nebraska

**KMI 2006 Segment Income**
- KMP 39%
- NGPL 30%
- Retail Gas Distribution 23%
- KM Canada 7%
- Other 1%

Retail Gas Distribution
- KMP 30%
- NGPL 30%
- KM Canada 30%
- Other 10%
Going Private

- Investor group led by Rich Kinder
- KMI senior management will be unchanged
- Operation of the businesses and relations with key customers will be unchanged
- Rich Kinder will remain as Chairman and CEO of KMI
- All current projects are proceeding as planned
- Expect closing Q1 2007
Kinder Morgan Canada

- Operator of 3 Oil Systems – All undergoing further expansion
- Trans Mountain is sole Pipeline from Alberta to West Coast
- Express is largest line to PADD IV
- Platte serves large PADD II market
Canadian Oilsands: Reserves

World Oil & Bitumen Reserves – Top 10

<table>
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<tr>
<th>Country</th>
<th>Reserves (billions of barrels)</th>
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Legend:
- Bitumen
- Oil
Canadian Oilsands: Supply

Oilsands Production Areas

Canadian Crude Production by Type

Two Strategies:
• Value being added in Canada
• Integrated solution with downstream partner
Western Canada – Export Pipeline Capacity

Source: CAPP 2006 Supply Forecast
Kinder Morgan Canada

Trans Mountain
West Coast Crude Market Fundamentals

Balance Outlook

Total West Coast Crude Demand

- Imports
- Coastal
- La Basin
- San Joaquin Valley
- OCS
- Alaska

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Source: EAI Inc.
Trans Mountain - Recent Apportionment

Denotes Apportionment
Westridge Terminal

- Dock dredging underway
- Other Marine Restrictions being reviewed
- Goal: Fully laden Aframax capability in late 2008
West Coast Crude Market Fundamentals

Asia Pacific Crude Production vs Demand

- **Crude oil consumption**
- **Estimated Crude Oil Imports**
- **Crude oil production**

Source: EAI Inc.
Trans Mountain Throughputs

Trans Mountain Deliveries (bpd)

Washington State
Marine Exports
British Columbia
TMX Expansion – Our Vision

- Current capacity of 225,000 bpd
- Expandable to 1.1 mmbpd
- Staged Expansion program:
  - Pipe expands as oil sands production grows and downstream markets develop
  - Reduces Shipper risk
  - Levers existing capacity
  - Connects existing & new markets

TMX-1 Approved & under construction
- 75,000 bpd
- $600 million
- TMX-2 in negotiations
Kinder Morgan Canada
Corridor Expansion

- **Existing Capacity – 155+ Mbpd bitumen**
  - 24” dilbit pipeline, 12” diluent return line

- **Planned Expansion – up to 1.0 MMbpd**
  - **New 42” dilbit**, reverse 24”
  - CDN $1.6 BN
  - In service 2009
  - Regulatory approval received & Construction underway
  - Surplus 12” pipeline – potential to anchor next oilsands project
Corridor 42” Pipe
Express – Platte Pipeline Systems

• Express Pipeline:
  • Expanded to 280,000 bpd in 2005
  • Underpinned through 235,000 bpd of firm contracts expiring in 2012/2015
  • Ownership: 1/3 KMI, 1/3 Ontario Teachers, 1/3 OMERS

• Platte Pipeline:
  • 165,000 bpd capacity: Casper to Guernsey
  • 143,000 bpd capacity: ex-Guernsey
  • Increased local production plus Canadian crude wishing to access PADD II has created proration issues at Guernsey
  • Proration policies currently before the FERC
**PADD IV Market Fundamentals**

**Projected Supply Profile**

*Production History*  
*Forecast*

**Non-Core RM supply**

**RM Core Supply**: directly accessible by RM refiners

**APPROXIMATE CONTRIBUTION FROM NEW EOR INVESTMENT**

**APPROXIMATE CONTRIBUTION FROM NEW PLAYS (UT & MT)**

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**Average forecast decline (-%)**

Core area=Production that is accessed by RM refiners; non-core=S UT, S CO and ND

Source EAI 2006
PADD IV Market Fundamentals

Supply – Demand Framework

Assumes no refinery closures and no major expansions

Source EAI 2006
Express – Platte Development Issues

- PADD IV refiners looking to expand – opportunity for partial Express expansion
- Platte take away capacity is of significant concern to KMC and Shippers
- Small Platte expansions available + other pipeline expansions
- Sustainability of new Rockies production? For how long?
Kinder Morgan Canada Terminals
Terminals Activities – Alberta

Edmonton North Forty Project:
- 2 million bbls
- Connectivity to major feeder streams in area + Trans Mountain and Enbridge
- Underpinned with term contracts
- In service April 2007
- KM’s first major terminal project in Canada

Hardisty:
- Land recently acquired to allow construction of 3 million barrels of heated storage
- Commercial underpinning now being sought
Construction Underway
Terminals Activities – U.S.

- Guernsey WY:
  - 400,000 bbl available for 3rd party storage

- Salisbury MO:
  - 840,000 bbl currently available
  - Now undertaking to construct additional tanks
  - With new tankage, connections both on and off Spearhead PL could be available
Express Routing:
- Existing KMC RoW to Casper/Guernsey
- Satisfy incremental Rockies, Denver, Panhandle supply needs

Bullet Line:
- Existing KM RoW in OK/TX
- 36” line in-service early 2010

Patoka South:
- Supply from expanded Express/Platte and others
- Existing KM RoW/PL assets in IL/MO/AR/TX