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THE MOVEMENT OF NORTH AMERICAN GAS PRODUCERS INTO THE LNG MARKET

The presentation will review and analyze the current and future movement of North American gas producers into the LNG market.

The presentation will examine existing and potential transaction structures including:

1. Gas producer sells gas to merchant LNG liquefaction project.
2. Gas producer sells gas to tolling customer of an LNG liquefaction project.
3. Gas producer takes tolling capacity at an LNG liquefaction project and sell LNG into the LNG market.
4. Gas producer sells gas to merchant LNG liquefaction project and buys LNG from the LNG liquefaction project (i.e., "synthetic tolling").

The presentation will analyze key risks and issues arising under these transaction structures including:

(a) Pricing mechanism, including allocation of costs between the parties.
(b) Timing to reach FID and commercial operations, and how that timing fits into the gas producer's goals and operations.
(c) Gas producer's credit support obligations, which typically is expected to help support the LNG liquefaction project's project financing.
(d) Non-performance, particularly force majeure events, and their effect on price and other contract terms.
(e) Royalty payment obligations of the gas producer.

The presentation will seek to engage the audience on these issues to foster greater dialogue between gas producers and LNG liquefaction project developers, and to give both sides a clearer picture of the contractual terms and conditions required to achieve workable solutions.