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Marketing Natural Gas 101: The Four P's of Marketing

Place



Product



Promotion



Price



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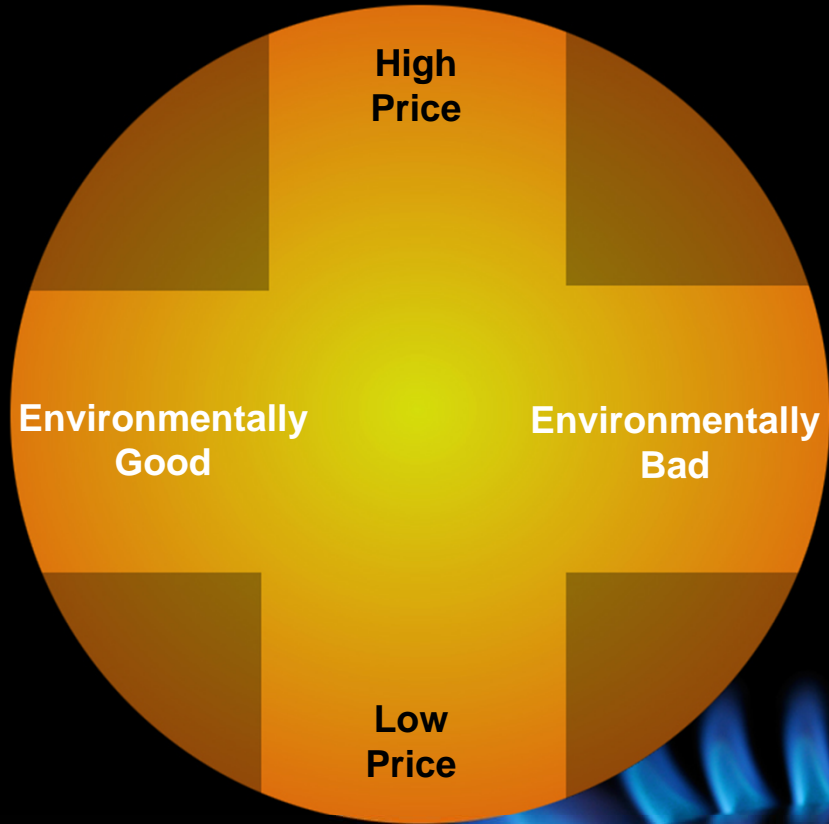
Natural Gas 101: And the Fifth P

Perception





Perception: Natural Gas Market





Perception: Know Your End User

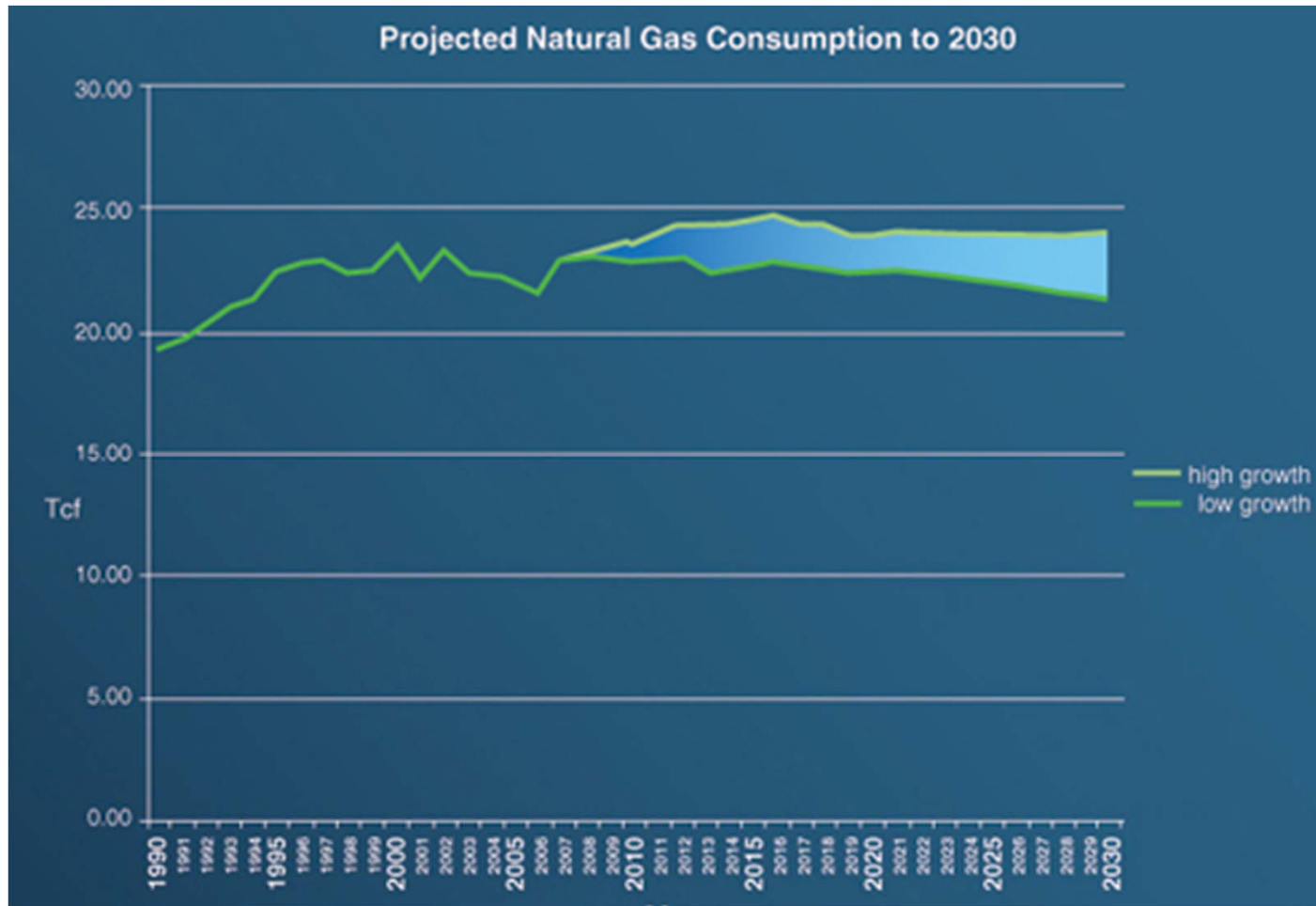


- **What is the complete demographic profile of your customer?**
- **What are they using your product for?**



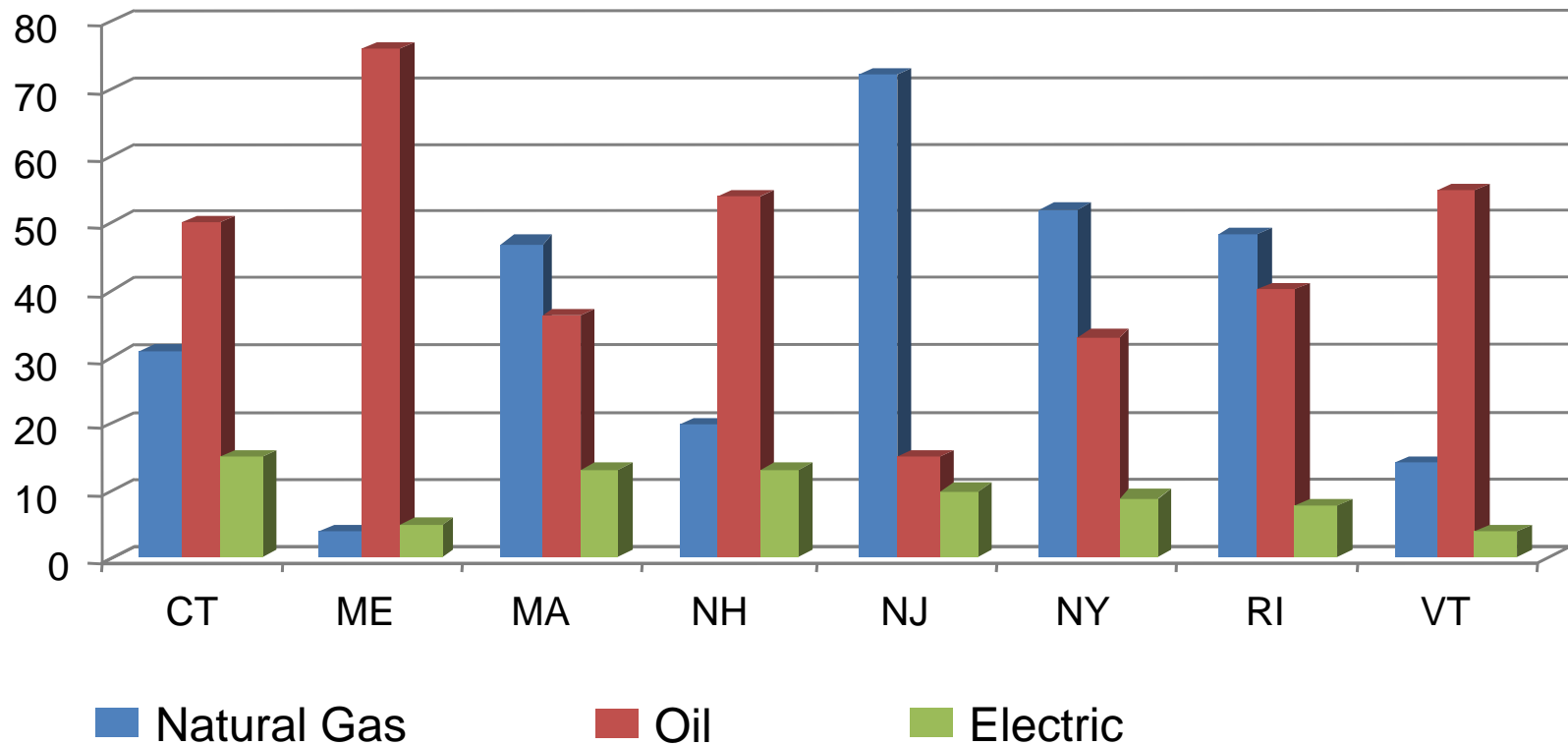
Decreasing Market Growth in Northeast Region

The current Annual Energy Outlook predicts a dip in demand from 2009-2010 until 2023-2024, then demand for natural gas will continue to grow.





Leading Home Heating Fuels, Northeast, Percentage 2008



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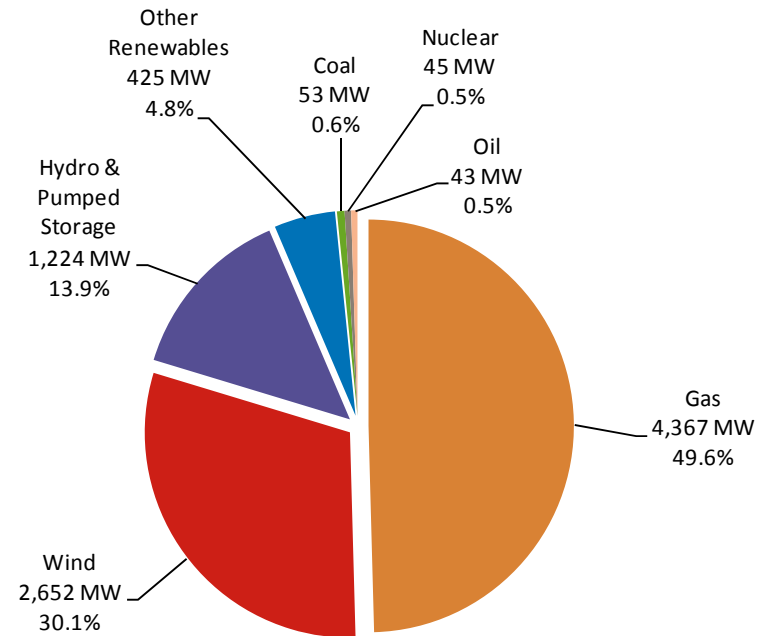
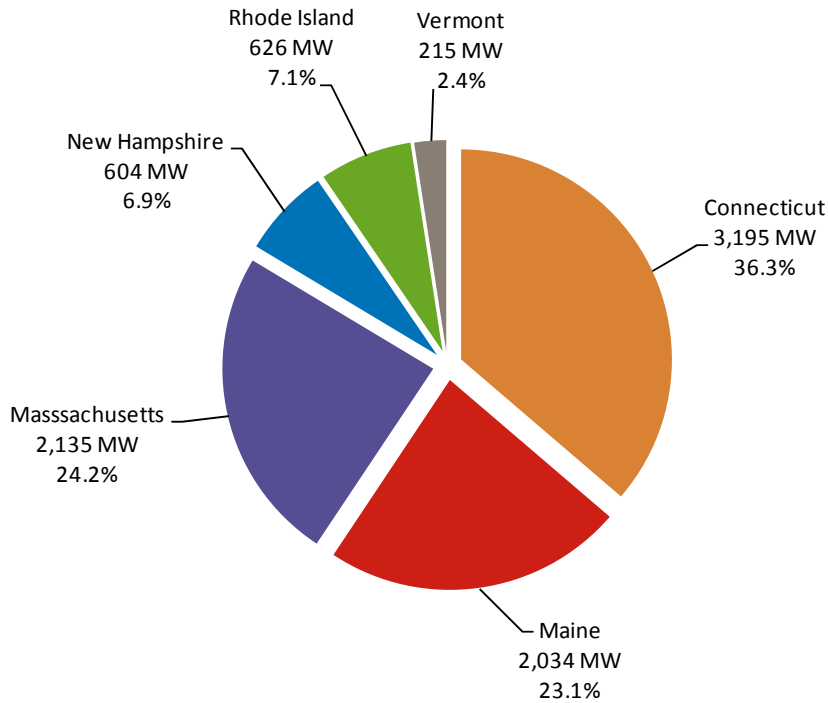
Marketing Natural Gas 101:

Product





Product: New England Power Generation by Fuel Type



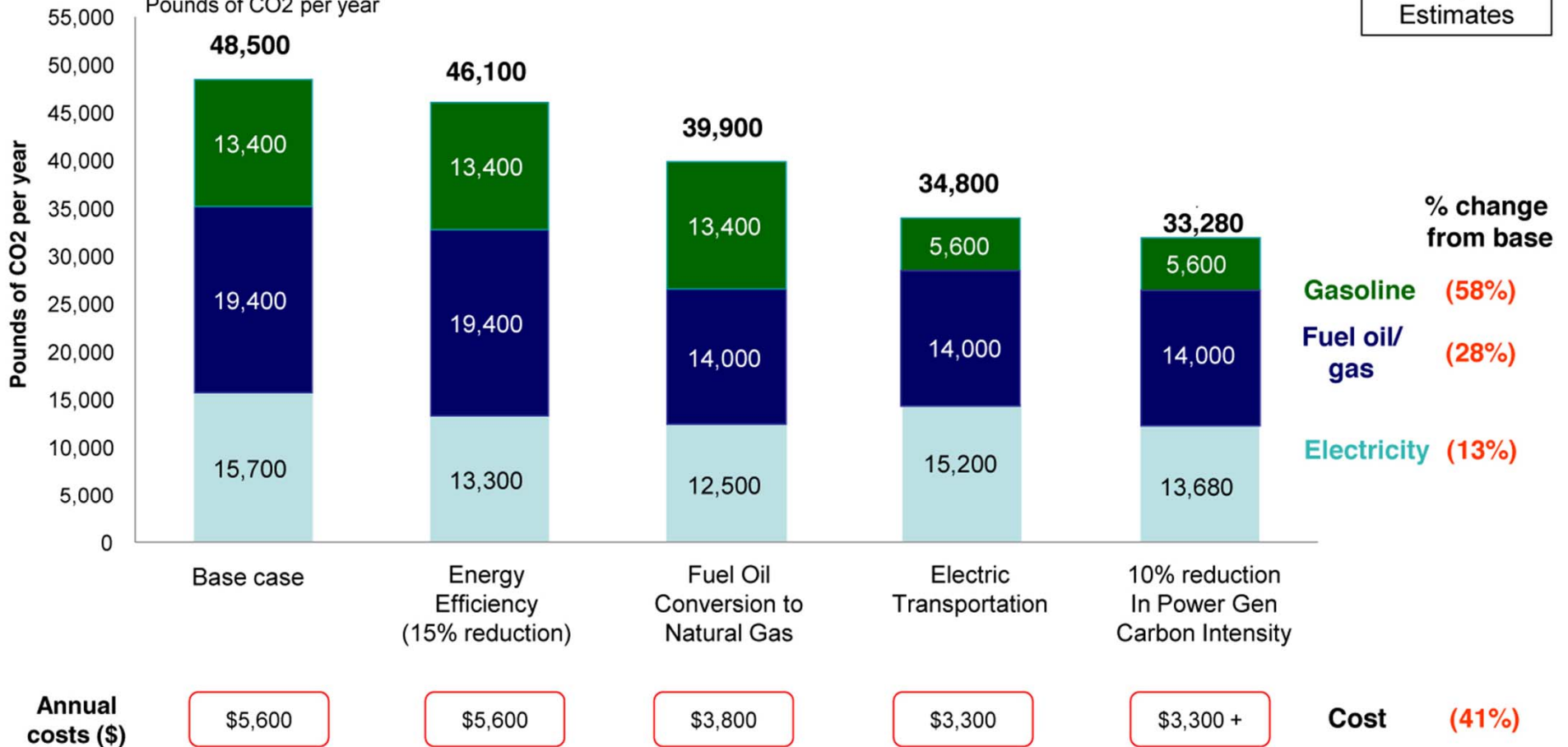


Product: What are the opportunities?

Average emissions for an average New England home

Pounds of CO2 per year

Simple Estimates



Source: Northeast Utilities



Product: Natural Gas Market Factors

Positive Factors

- clean
- reliable
- versatile
- abundant domestic and foreign supply

Negative Factors

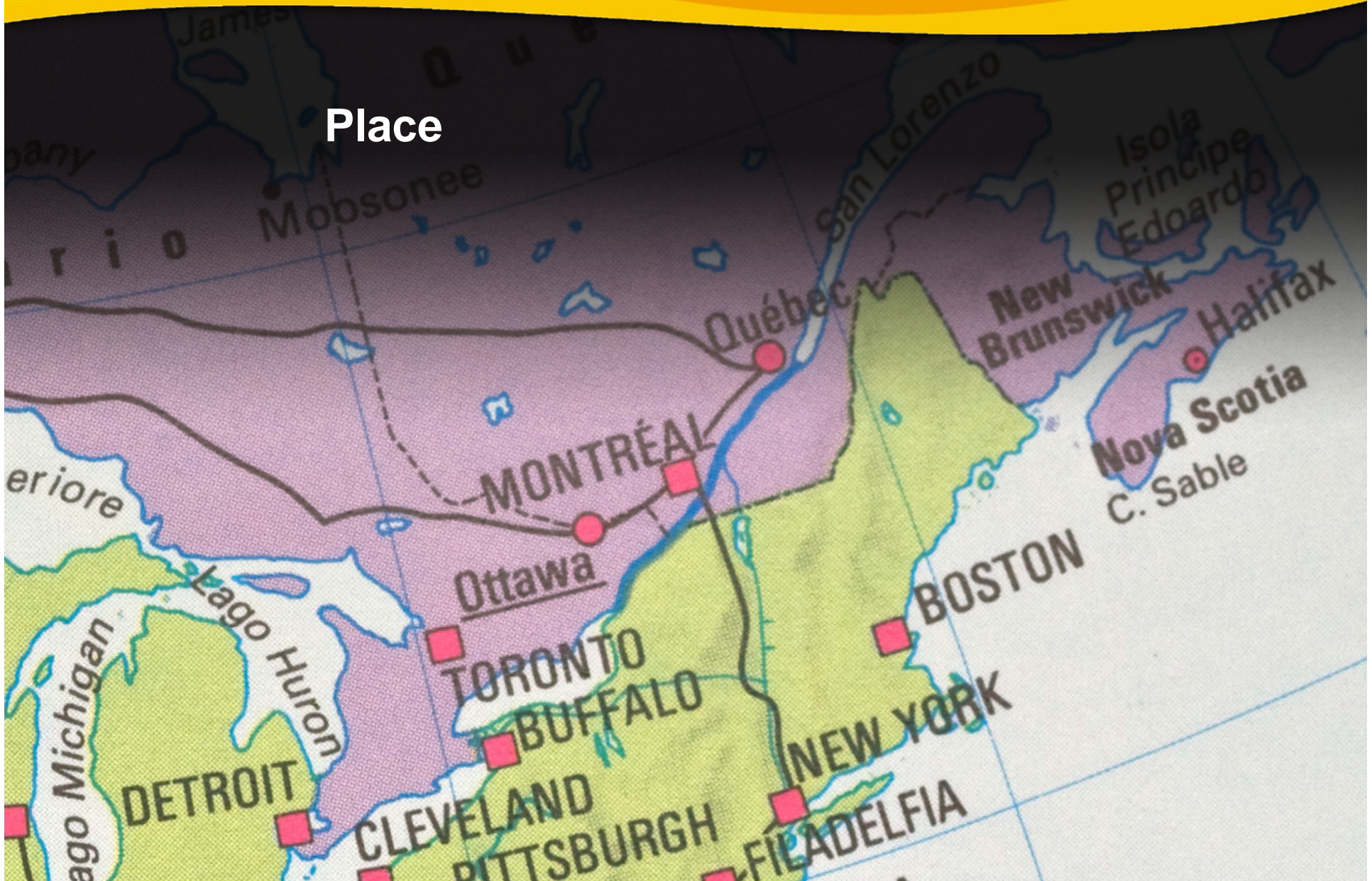
- explosive
- fossil fuel
- Constraint distribution
- volatile pricing





Marketing Natural Gas 101:

Place

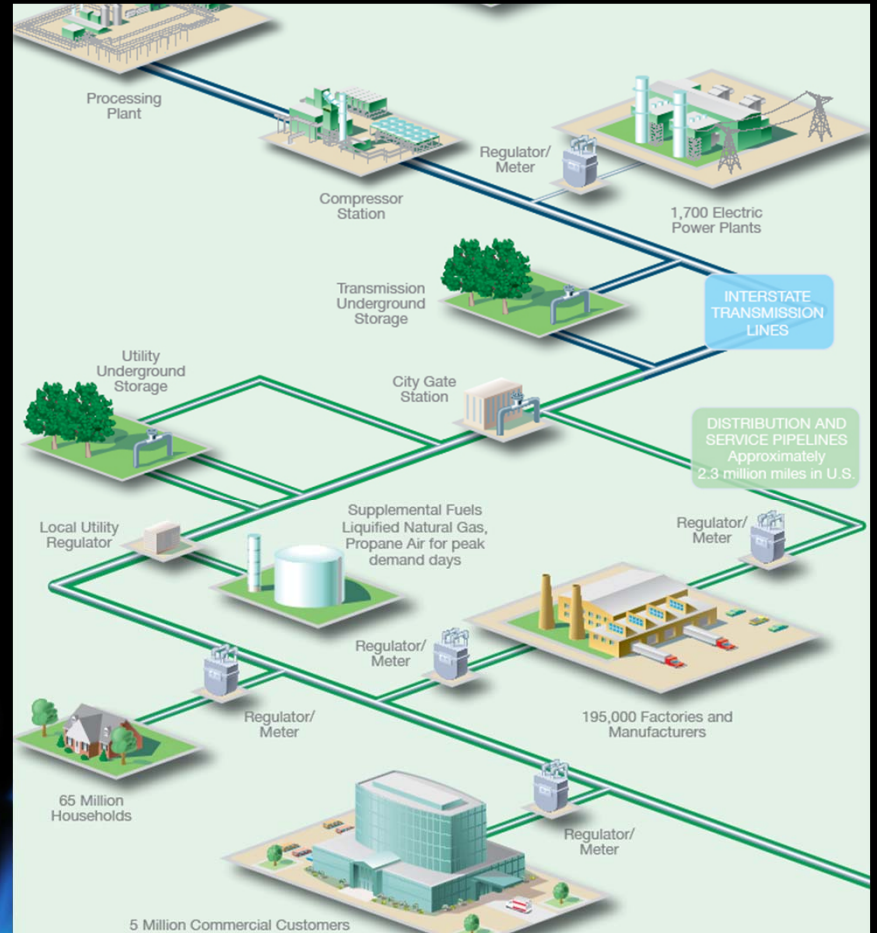




Place: Natural Gas Northeast Distribution Network



Interstate Distribution



Local Distribution

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Place: Canaport LNG



- Year round ice-free port
- 85-foot water depth at low tide (~45 feet required for LNG tankers)
- Off-loading pier that accommodates largest LNG vessels (~5.7 Bcf QMax ships)
- 8 x 150 MMcfd vaporizers + 8 discharge pumps yield a discharge capacity of 1.0 Bcfd (1.2 Bcfd peak)
- 3 storage tanks with 9.9 Bcf gas equivalent total storage capacity
- Expandable to 2.0 Bcfd (2.4 Bcfd peak) discharge capacity and 16.5 Bcf of storage with addition of 8 vaporizers/pumps and 2 storage tanks
- Firm pipeline capacity to deliver 730 MDth/d to the Northeast U.S. market



Marketing Natural Gas 101:

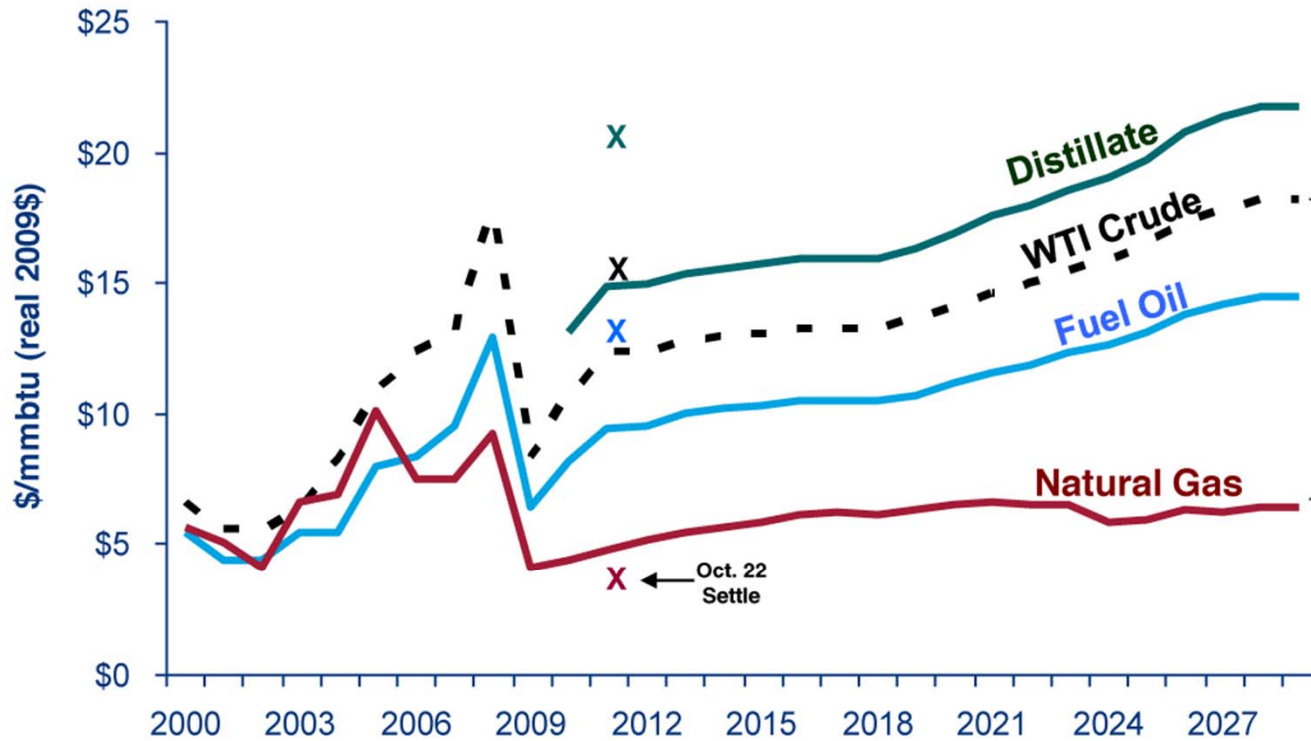
Price





Price: Opportunity & Challenge- Sustained Moderate Gas Prices

Wood Mackenzie Fundamental* Price Forecasts (\$2009)



Average WTI Oil Price: \$76.97 /bbl

Average differential (oil and gas):
 • 1997-2008: \$2.39/mmbtu
 • 2009-2020: \$8.39/mmbtu

Average Henry Hub Gas price:
 • 2009: \$3.81/mcf
 • 2010: \$4.45/mcf
 • 2010-15: \$5.21/mcf

* "Fundamentals" analysis ignores dynamics creating short-term volatility (weather, storage levels) and risk premium associated with forward sales

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Marketing Natural Gas 101:

Promotion





Promotion: Market Factors



External Forces



External Barriers



Repositioning & Penetration



Market Message



Promotion: A Unified Message

- **Create Three Key Industry Messages**
- **How Will You Deliver Those Messages?**