

Graphical Summaries, Comparisons, and Trend Analysis

2008 Year in Review

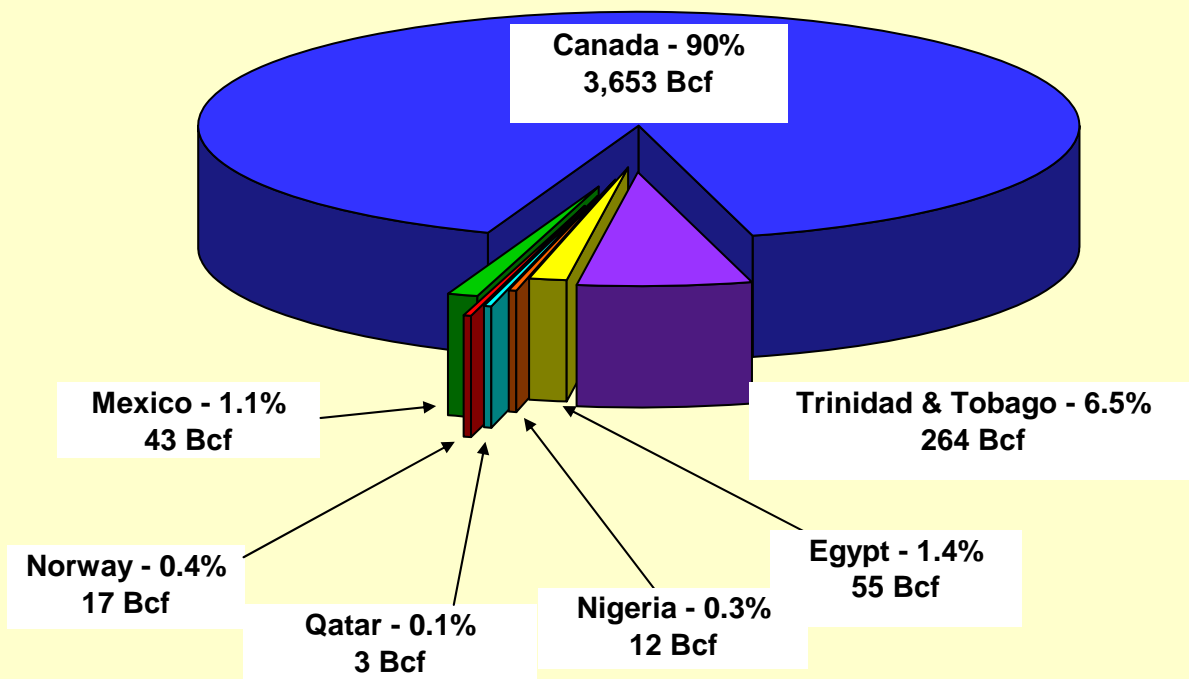
2008 vs. 2007

Long-Term Trend Analysis

2008 Year in Review

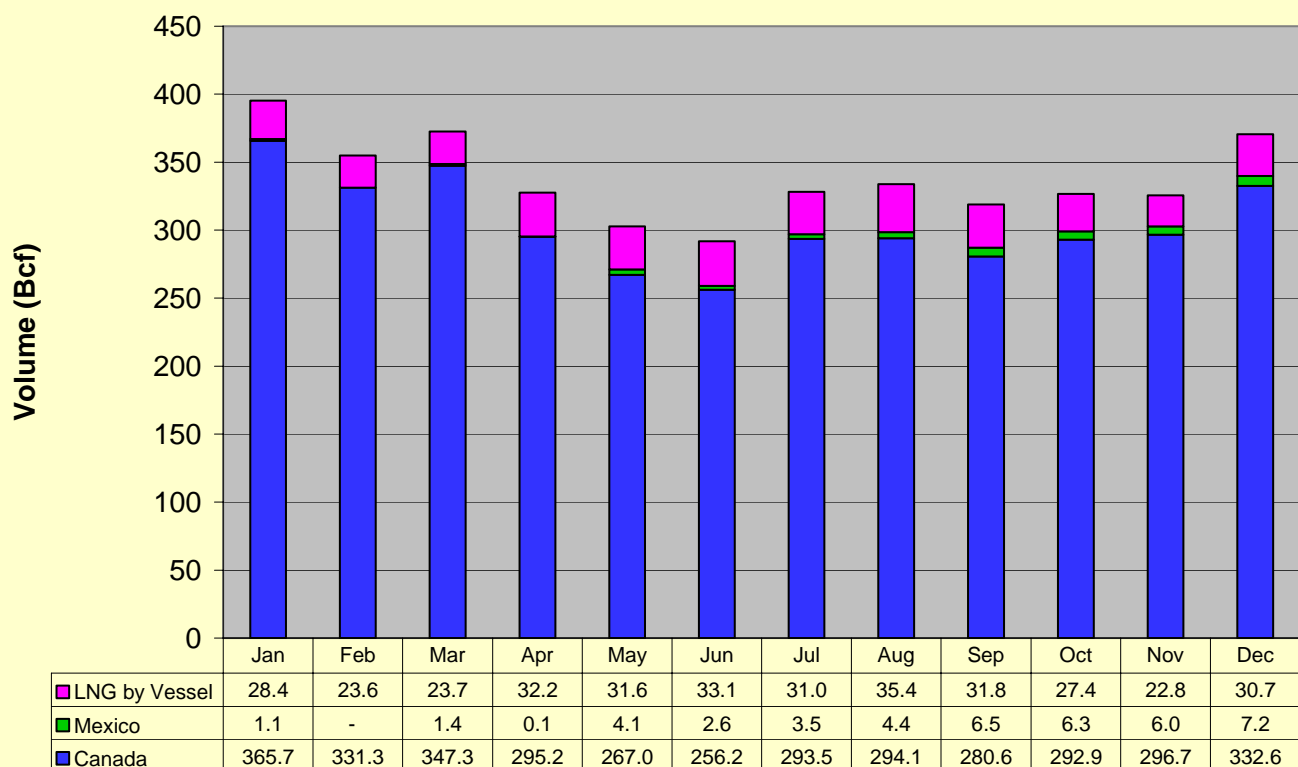
Natural Gas Imports, 2008

Total Imports - 4,048 Bcf



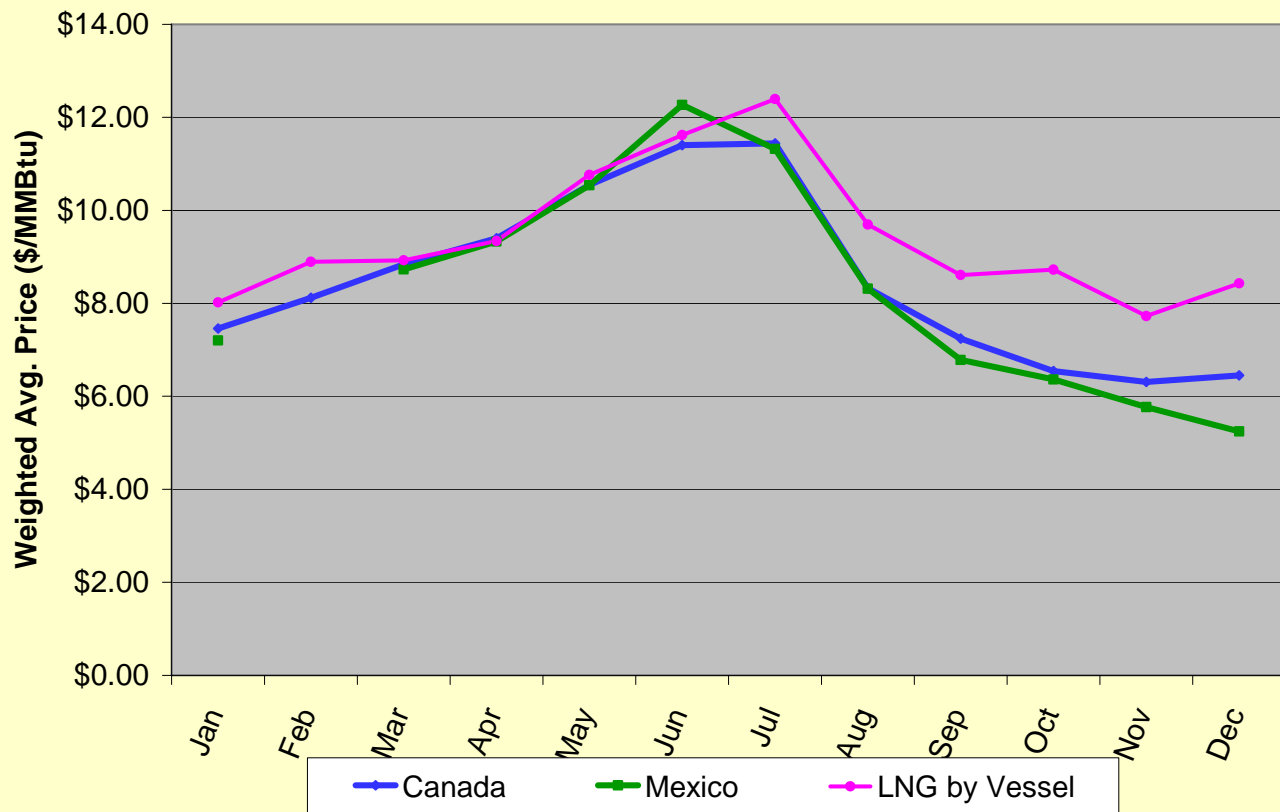
- In 2008, the U.S. imported more than 4 trillion cubic feet of natural gas.
- The vast majority of imports originated in Canada, continuing a long-term trend.
- Trinidad & Tobago was the next-largest supplier, providing 6.5% of imports, in the form of LNG.
- The remaining three or four percent of imports were supplied by five countries, each contributing less than two percent to the total: Mexico, Egypt, Norway, Nigeria, and Qatar.

Imports by Origin, 2008



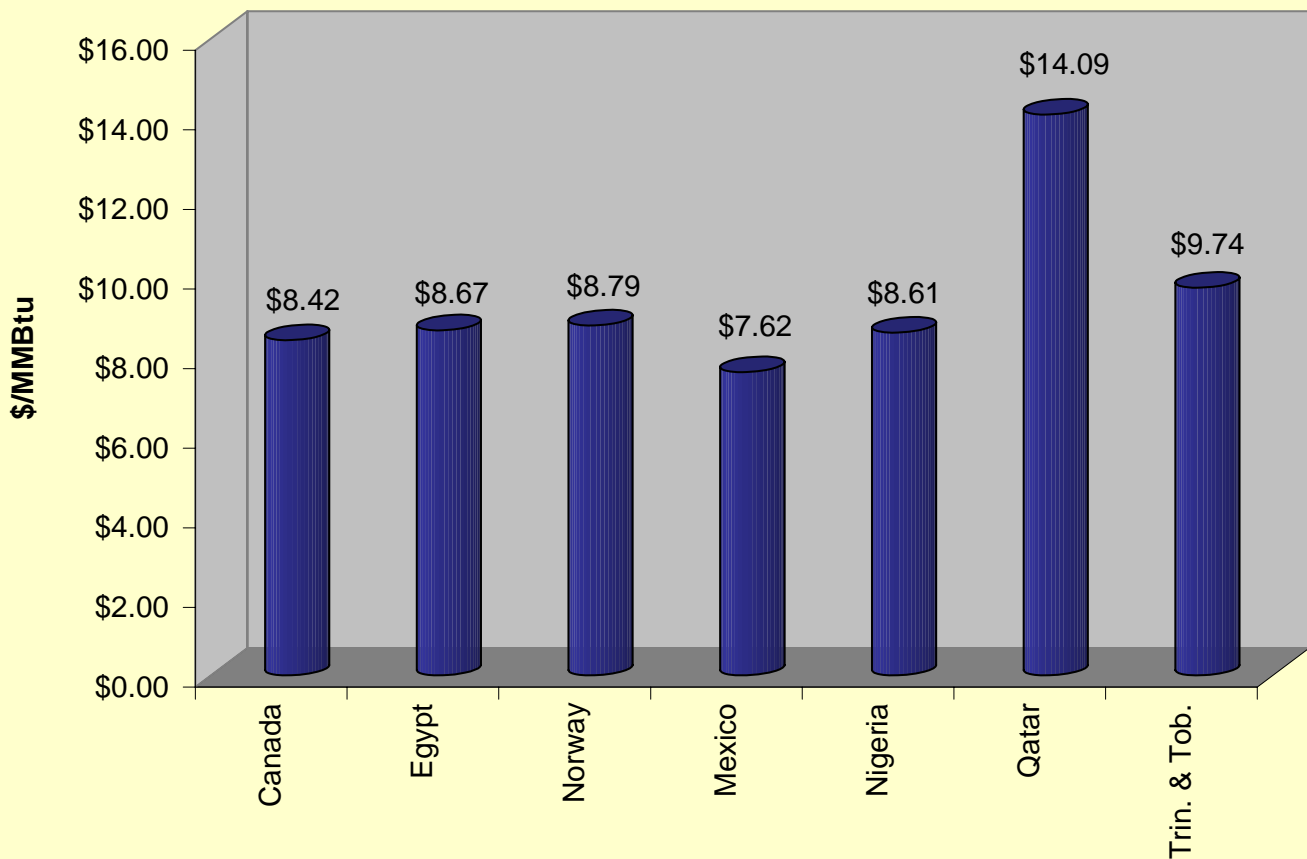
- Canada supplied the vast majority of imports not only for the year as a whole, but consistently throughout 2008.
- LNG, from all world suppliers taken together, was the second-largest source of imports in every month of 2008, followed by Mexico.

Sales Prices of Imports, 2008



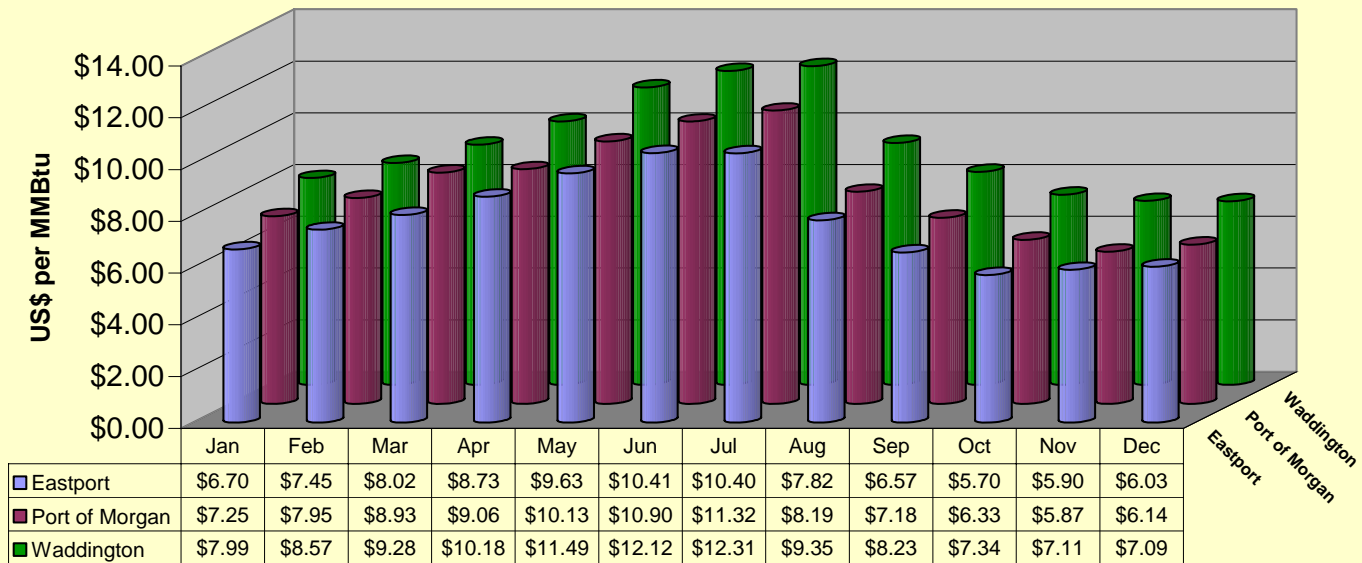
- LNG import prices were consistently at or above the level of prices of imports from Canada and Mexico throughout 2008, but were markedly higher through the latter half of the year.

Weighted Avg. Import Prices, 2008



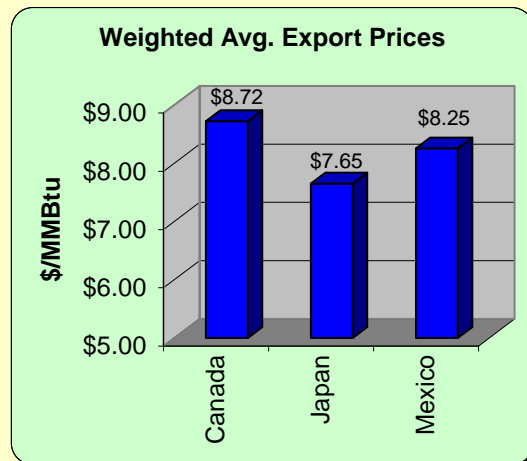
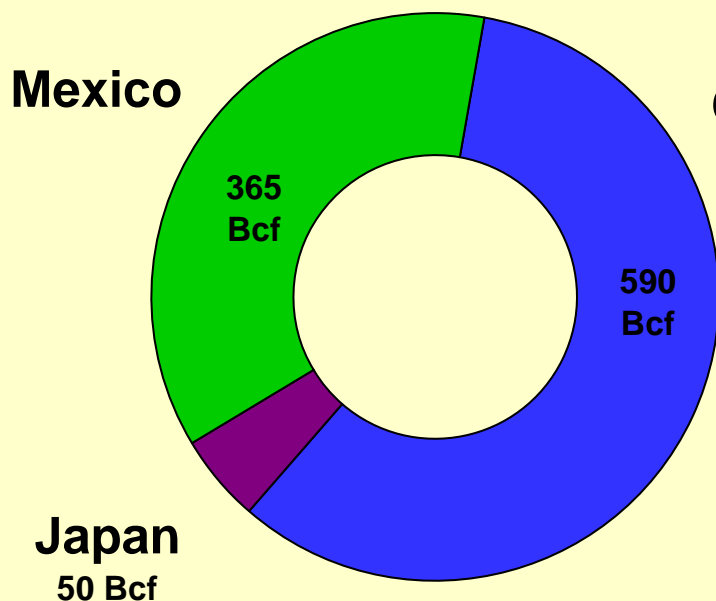
- Pipeline imports from Canada and Mexico and LNG imports from several suppliers (Egypt, Norway, and Nigeria) averaged roughly in the range of \$8.00 to \$9.00 per MMBtu in 2008.
- Trinidad & Tobago, the largest supplier of LNG to the U.S. (more than triple the volume of all other sources combined), had a higher average price for imports, at \$9.74 per MMBtu.
- The highest-priced single source of imported gas was Qatar, at \$14.09 per MMBtu, but this price was for only a single cargo of LNG, or about 3 Bcf of natural gas.

Prices of Canadian Imports for Selected Points, 2008



- Prices of imports from Canada for these three major entry points show a similar seasonal trend. Prices during 2008 rose gradually from winter, through spring, and peaked during the summer months. Prices were lowest during the “shoulder” months in the fall.
- Different entry points evidenced somewhat different prices levels. Among these three points, Waddington, NY had consistently higher import prices throughout the year.

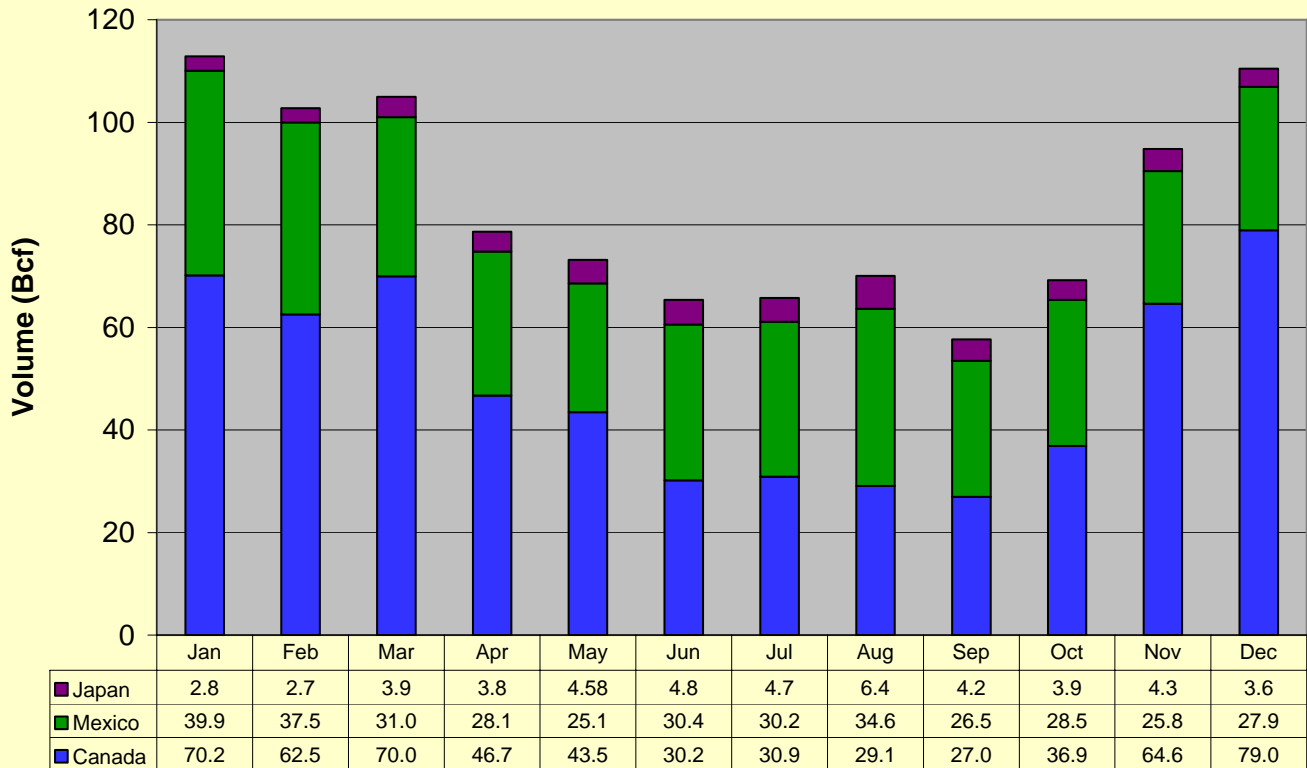
Natural Gas Exports, 2008



Total Exports - 1,006 Bcf

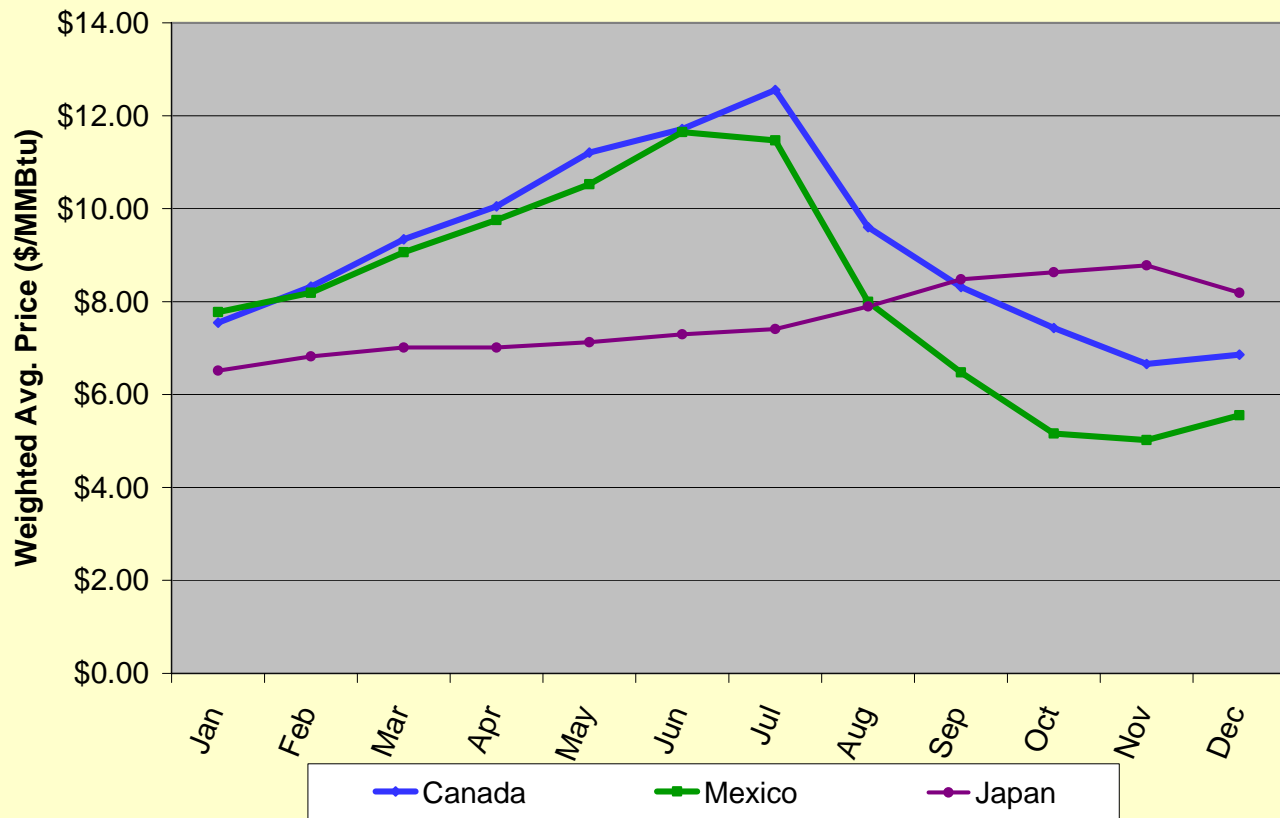
- The single largest destination for U.S. gas exports in 2008 was Canada, although export volumes were far smaller than volumes of imports from Canada to the U.S.
- The U.S. also exported a significant amount of natural gas to its other North American neighbor, Mexico.
- Japan continued to be a destination for LNG exports from Alaska, the only vessel-borne LNG customer for the U.S. in 2008.
- Country-annual average prices for exports fell in the range of \$7.65 to \$8.72 for the year.

Exports by Country of Destination, 2008



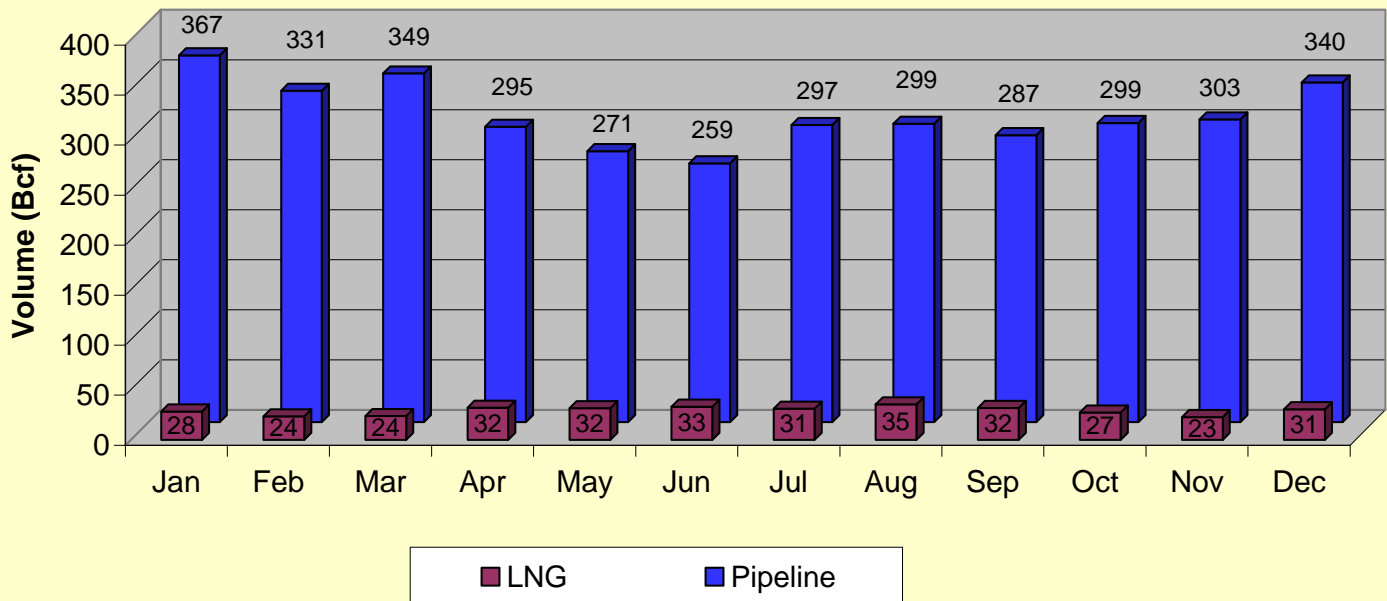
- Exports showed a seasonal pattern, with lower volumes in the spring, summer, and early fall, and a higher level of exports during the colder months.

Sales Prices of Exports, 2008



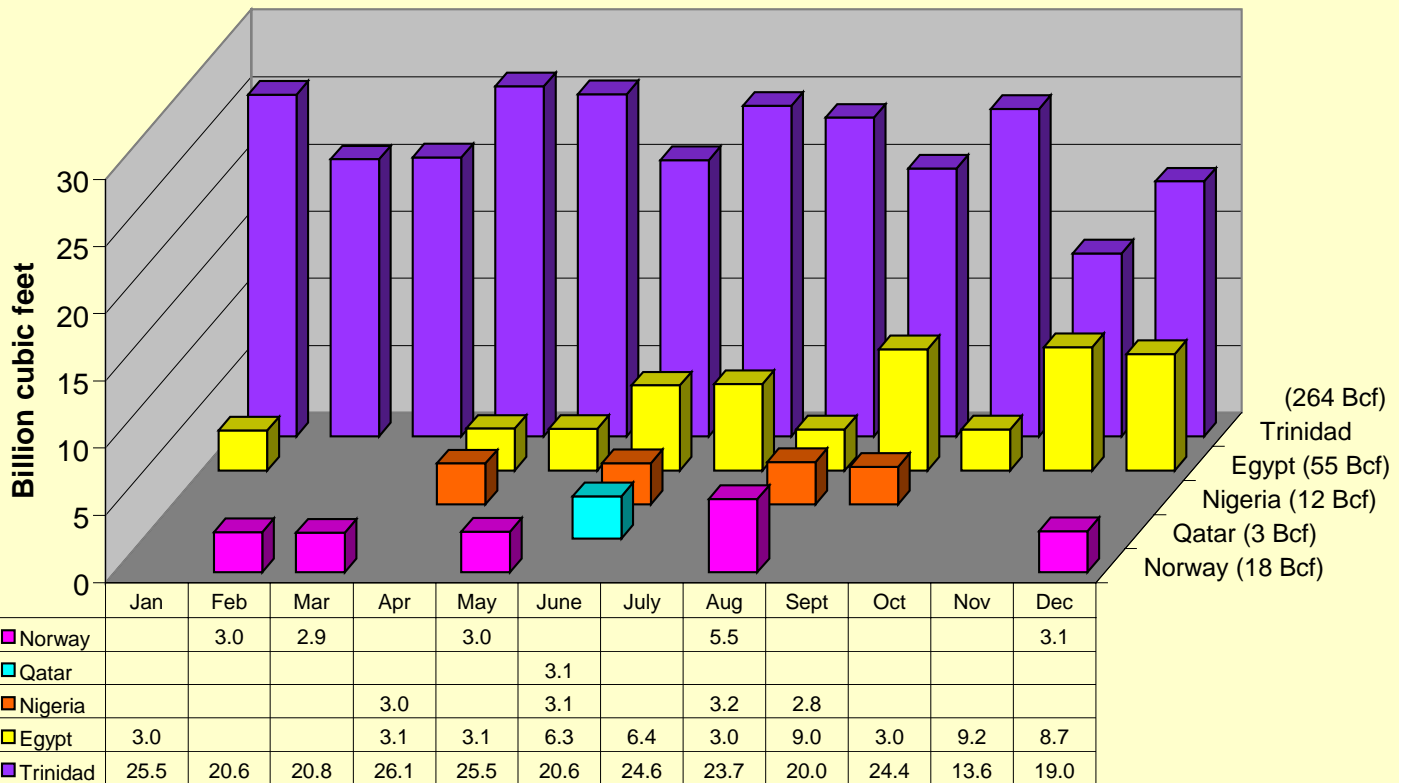
- Price levels of exports were generally highest to Canadian customers through the first three-quarters of 2008, with exports to Mexico at somewhat lower prices. The disparity widened in the second half of the year. Monthly weighted-average prices to Canadian and Mexican markets showed considerable variation during the year, ranging from \$5.02 to \$12.55 per MMBtu.
- Prices of LNG exports to Japan were well below pipeline export prices through July, then equaled and surpassed them during the rest of the year. Monthly average LNG export prices also showed less variation than pipeline export prices, ranging from \$6.52 to \$8.78 per MMBtu.

Imports, Pipeline vs LNG, 2008



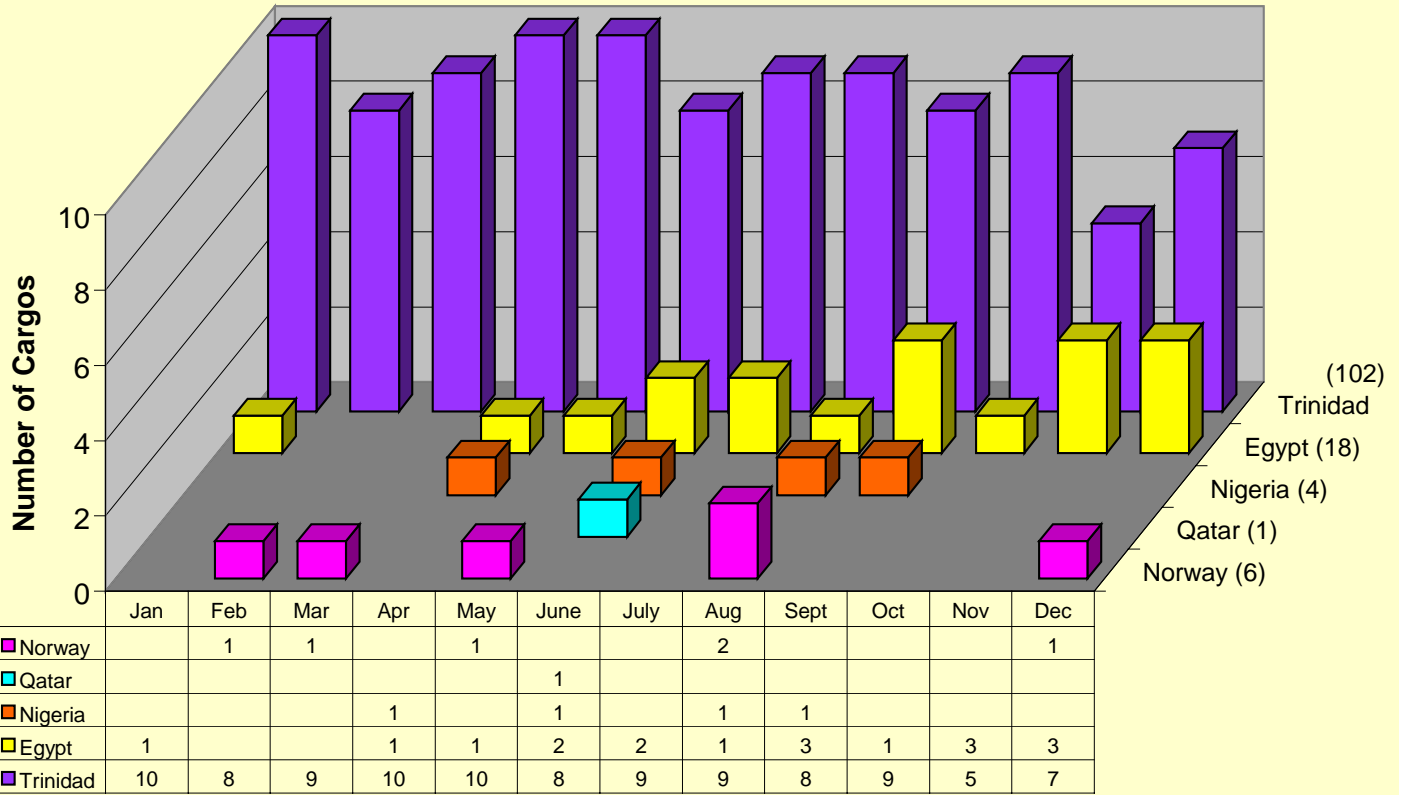
- Pipelines continued to be the major avenue for imports, with pipeline volumes far exceeding volumes of LNG.
- Pipeline imports showed a weak but identifiable seasonal pattern, with imports somewhat lower in the warmer months and higher in the colder months. LNG imports showed an opposite but similarly weak pattern, with marginally higher imports during the warmer months, although the pattern is less visually noticeable because the level of LNG imports was low.

LNG Import Volume by Country, 2008



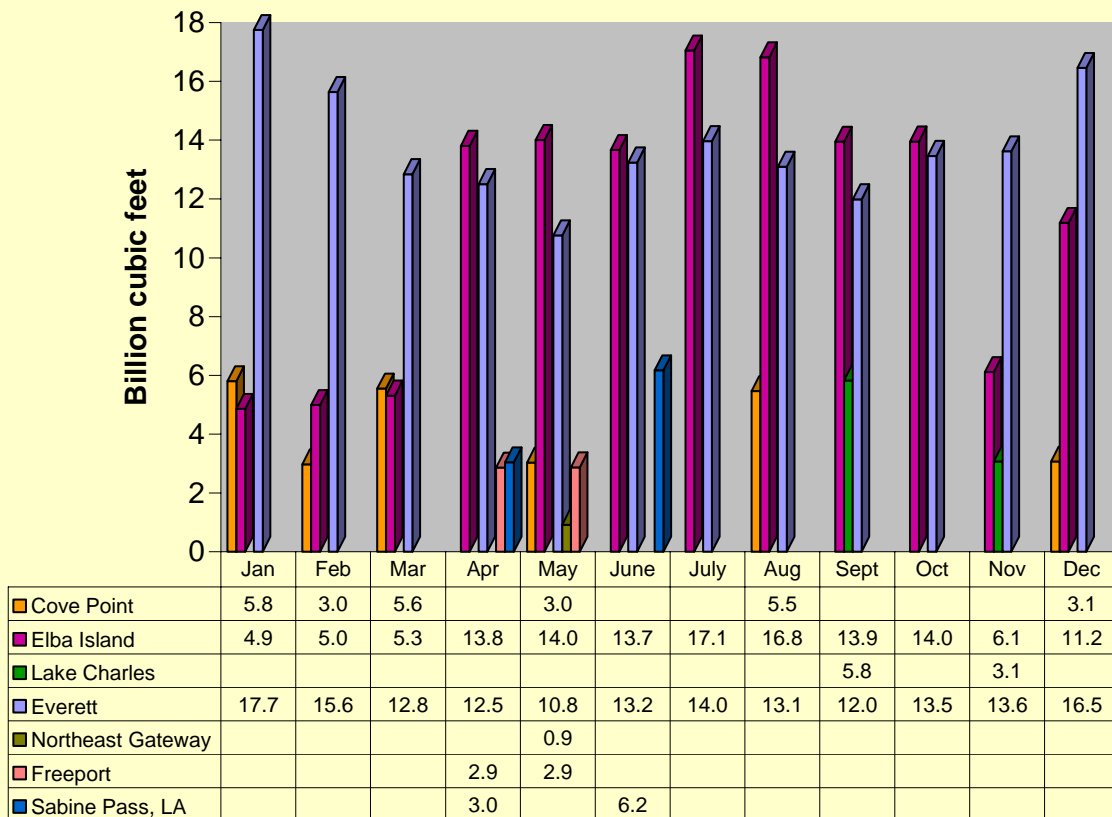
- Trinidad & Tobago was the main supplier of LNG to the U.S. in 2008, providing more than triple the volume of all other source countries combined.

Number of LNG Import Cargos by Country, 2008



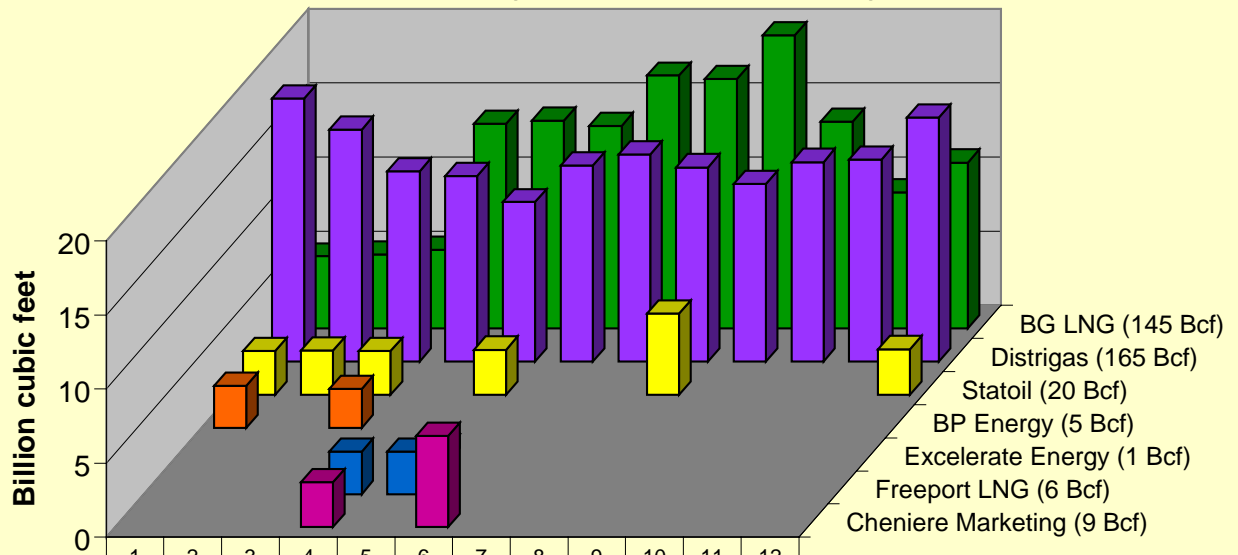
- Trinidad & Tobago was the source of the largest number of LNG cargos to the U.S. in 2008, originating more than three times as many shipments as all other countries combined.

LNG Imports by Terminal, 2008



- Everett (165 Bcf) and Elba Island (136 Bcf) received far and away the most LNG of all U.S. terminals in 2008. Both also received volumes throughout the year.
- Five other terminals received shipments during 2008, but none of these received cargos consistently on a monthly basis.
- One terminal, Gulf Gateway, did not receive any LNG during the year.

LNG Imports by Company, 2008

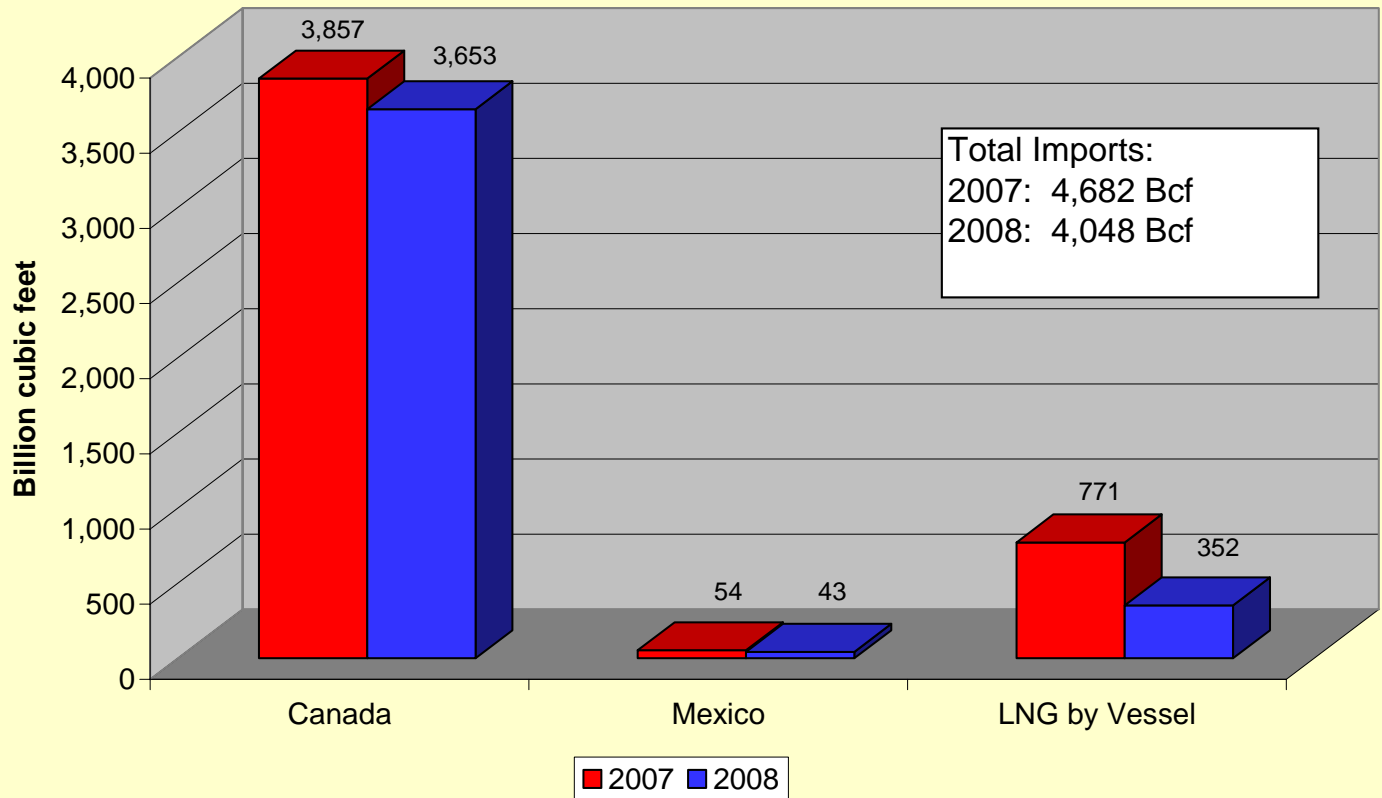


| | | | | | | | | | | | | | |
|--------------------|------|------|------|------|------|------|------|------|------|------|------|------|-----|
| Cheniere Marketing | | | | 3.0 | | 6.2 | | | | | | | |
| Freeport LNG | | | | 2.9 | 2.9 | | | | | | | | |
| Excelerate Energy | | | | | 0.9 | | | | | | | | |
| BP Energy | 2.8 | | 2.6 | | | | | | | | | | |
| Statoil | 3.0 | 3.0 | 2.9 | | 3.0 | | | 5.5 | | | | | 3.1 |
| Distrigas | 17.7 | 15.6 | 12.8 | 12.5 | 10.8 | 13.2 | 14.0 | 13.1 | 12.0 | 13.5 | 13.6 | 16.5 | |
| BG LNG | 4.9 | 5.0 | 5.3 | 13.8 | 14.0 | 13.7 | 17.1 | 16.8 | 19.8 | 14.0 | 9.2 | 11.2 | |

- Distrigas (165 Bcf) and BG LNG (145 Bcf) were by far the largest LNG importers during 2008.
- Five other companies imported at least one cargo during the year.
- Among typically active importers, only Shell LNG did not bring any cargos into the U.S. during 2008.

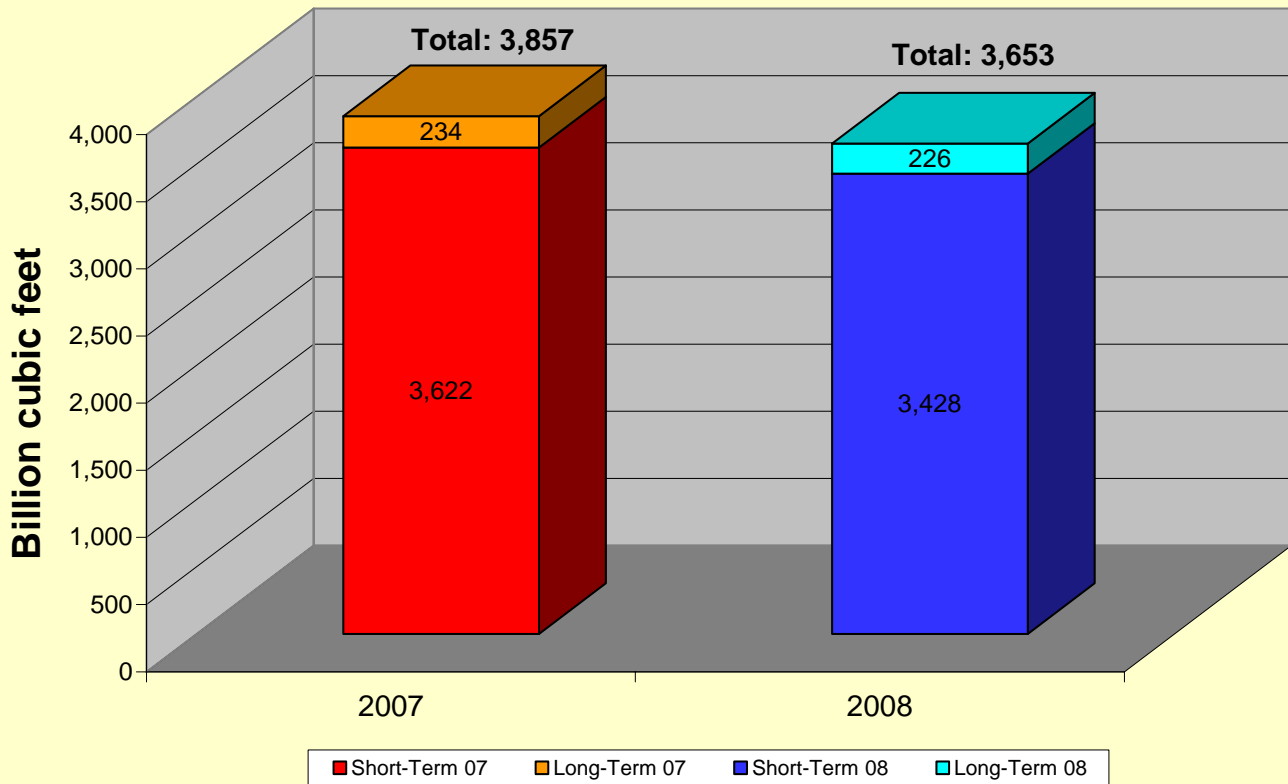
2008 vs. 2007

Natural Gas Imports by Source



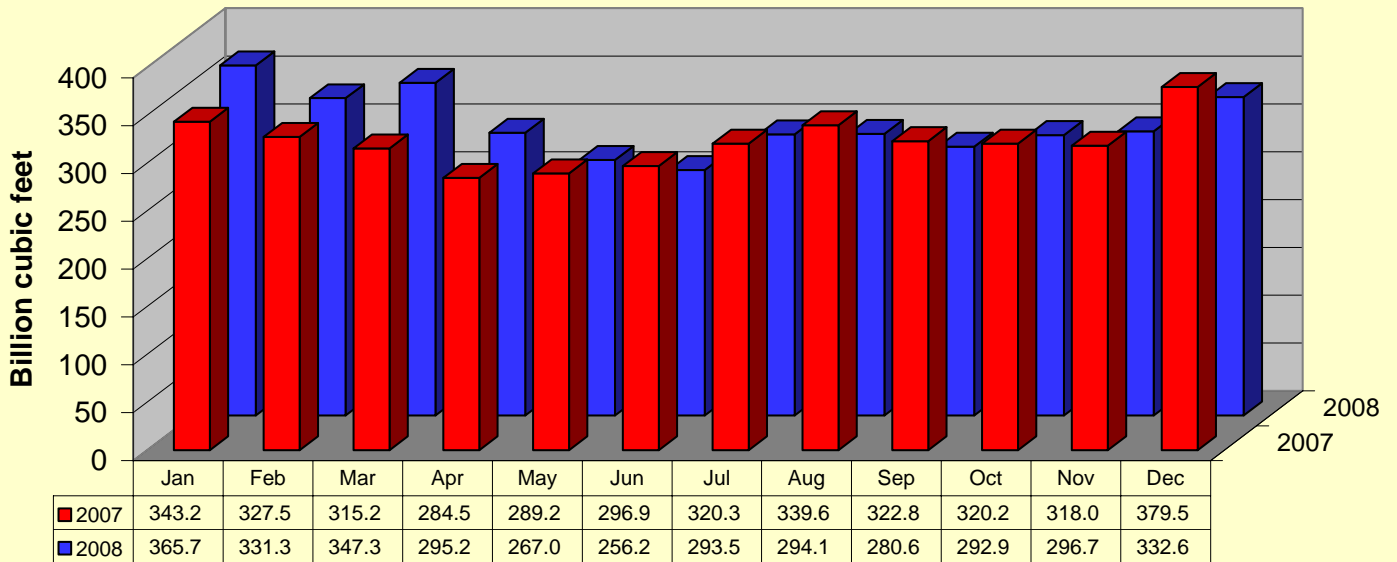
- In 2008, as in 2007, Canada was the leading source for imports into the United States, followed by LNG by vessel, and Mexico.
- In 2008, imports from all sources were lower than in 2007. Volumes from Canada were only marginally lower, and those from Mexico, already at a low level, were moderately off the 2007 volume. LNG imports were down by more than fifty percent.

Imports from Canada by Type



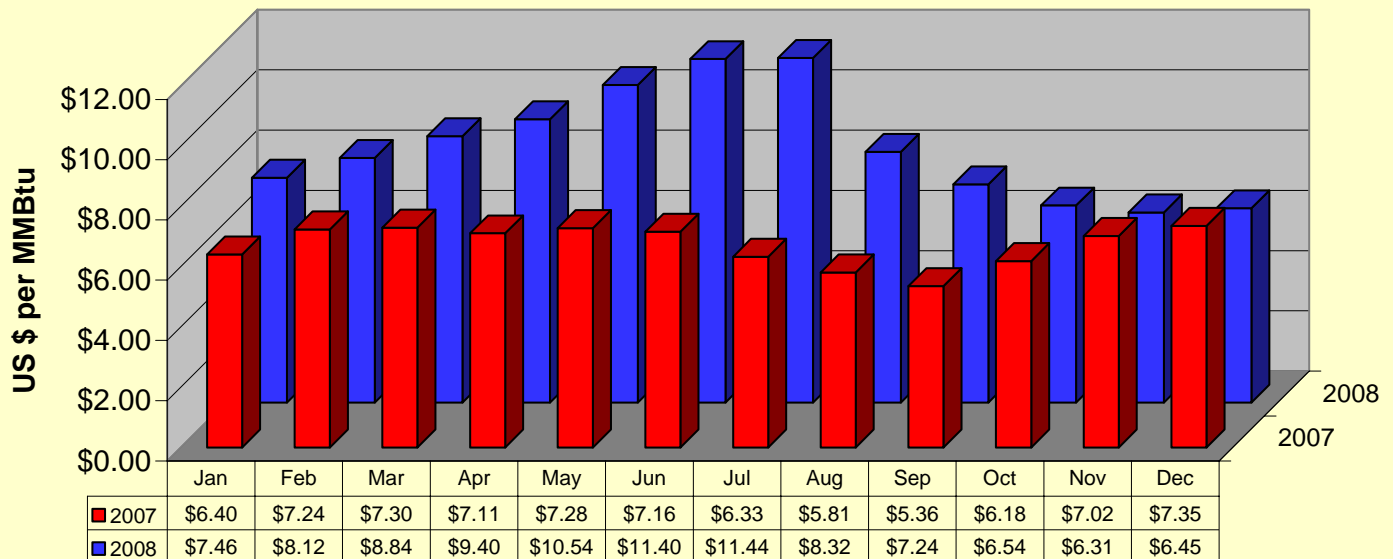
- Both long-term and short-term imports from Canada were lower in 2008 than the previous year, in keeping with lower overall imports levels.

Imports to Canada by Month



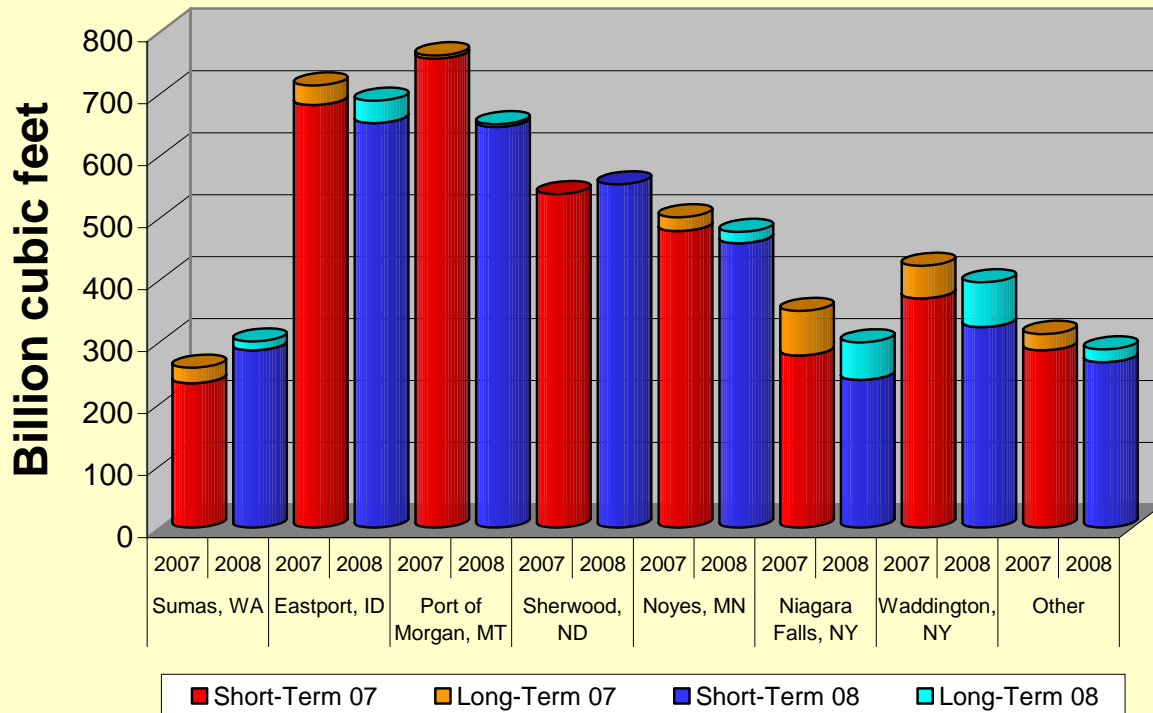
- For the first four months of 2008, Canadian import volumes were above the 2007 levels, but then dropped below the 2007 levels for the remaining eight months.

Prices of Canadian Imports by Month



- Average Canadian import prices were higher in 2008 than in 2007 for every month except November and December. The price differential was highest, surpassing \$2.00 per MMBtu, in the spring and summer, topping off at over \$5.00 per MMBtu in July. The same pattern in price differentials can be seen in U.S. exports to Canada, suggesting overall higher gas price levels in summer 2008.

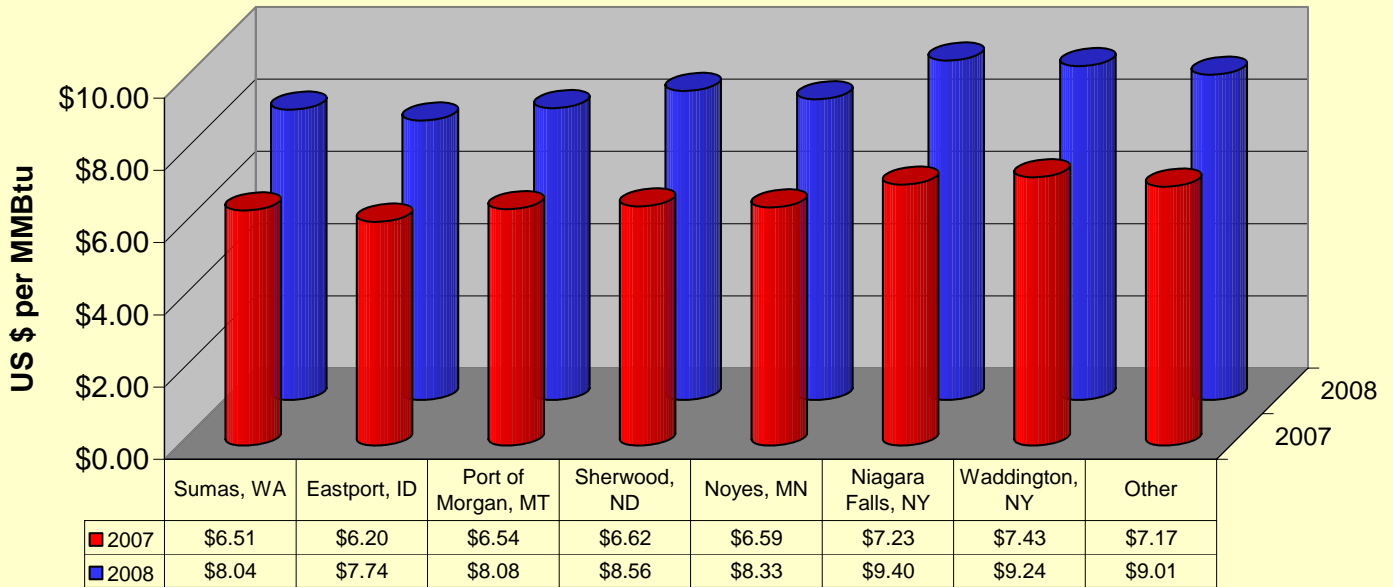
Imports from Canada by Entry Point



| | | Sumas, WA | Eastport, ID | Port of Morgan, MT | Sherwood, ND | Noyes, MN | Niagara Falls, NY | Waddington, NY | Other |
|------|------------|-----------|--------------|--------------------|--------------|-----------|-------------------|----------------|-------|
| 2007 | Short-Term | 233.1 | 682.2 | 756.6 | 538.3 | 478.5 | 277.9 | 369.9 | 286.0 |
| | Long-Term | 25.0 | 31.1 | 5.3 | 0.0 | 22.2 | 71.9 | 52.5 | 26.4 |
| | Total | 258.0 | 713.2 | 761.9 | 538.3 | 500.7 | 349.7 | 422.5 | 312.4 |
| 2008 | Short-Term | 286.3 | 653.1 | 646.5 | 554.0 | 459.0 | 238.5 | 323.5 | 266.7 |
| | Long-Term | 14.1 | 35.7 | 4.5 | 0.0 | 17.9 | 60.4 | 72.3 | 20.7 |
| | Total | 300.5 | 688.8 | 651.0 | 554.0 | 476.9 | 298.9 | 395.8 | 287.3 |

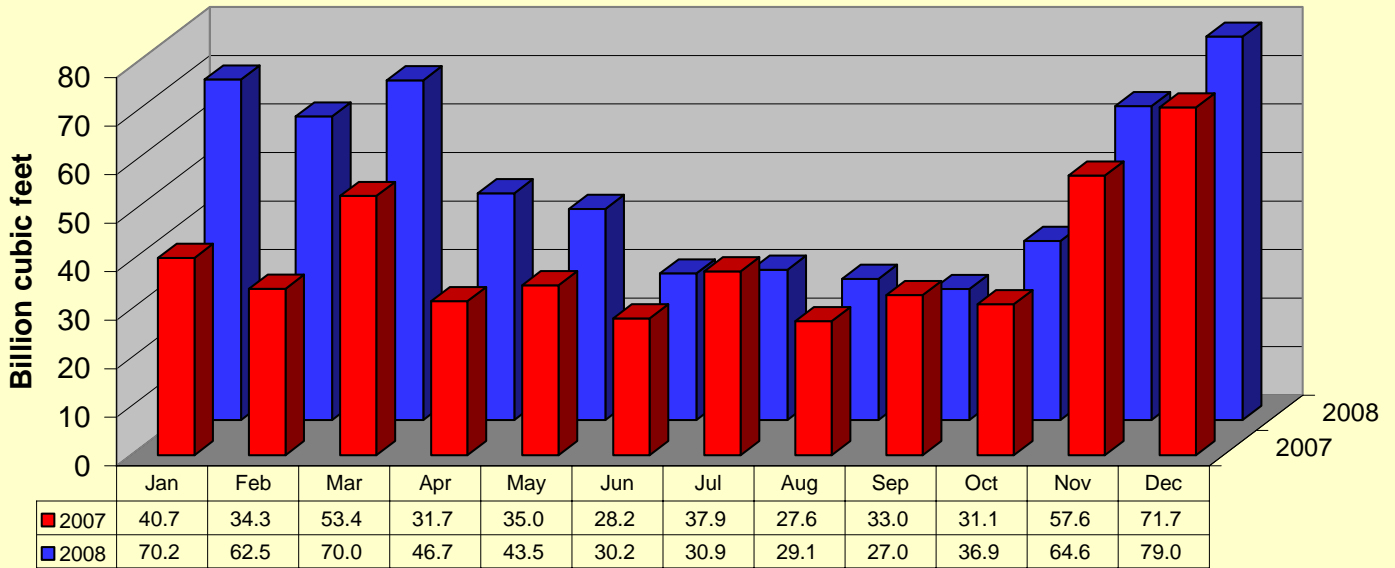
- Imports were lower at most of the major import points featured above, in keeping with lower overall levels of imports in 2008 compared with 2007. However, imports were slightly higher in 2008 at Sumas, Washington and Sherwood, North Dakota.
- Short-term imports dominated long-term flows at all entry points, but some points had more significant long-term traffic than others. Of those featured above, Niagara Falls, New York and Waddington, New York had the greatest percentage of long-term imports, while Sherwood, North Dakota had none.

Prices of Candian Imports by Entry Point



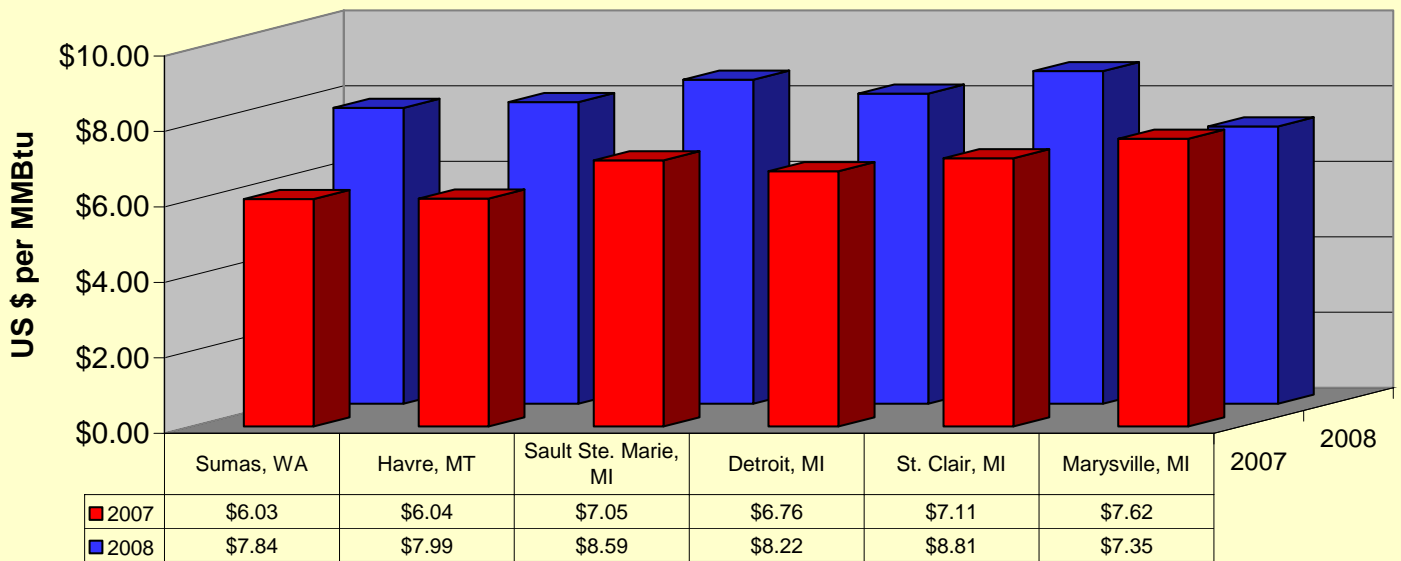
- Annual weighted-average prices were higher in 2008 at each entry point. Among the major points shown above, the difference was most marked at Niagara Falls, New York, where 2008 imports were over \$2.00 per MMBtu more, on average, than the previous year.

Exports to Canada by Month



- Exports of Canada were higher in every month of 2008, except July and September, than the corresponding month in 2007. The difference was greatest early in the year, where 2008 volumes were nearly 30 Bcf per month higher.

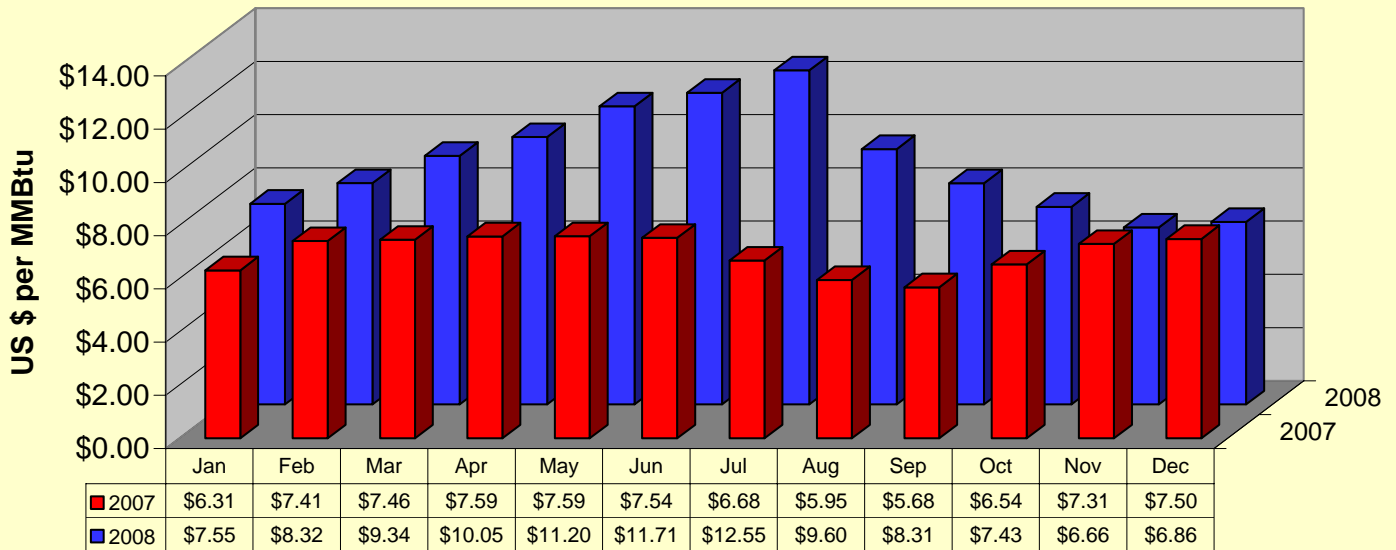
Price of Exports to Canada for Selected Exit Points



Note: These selected export points handle 99% of US gas exports to Canada.

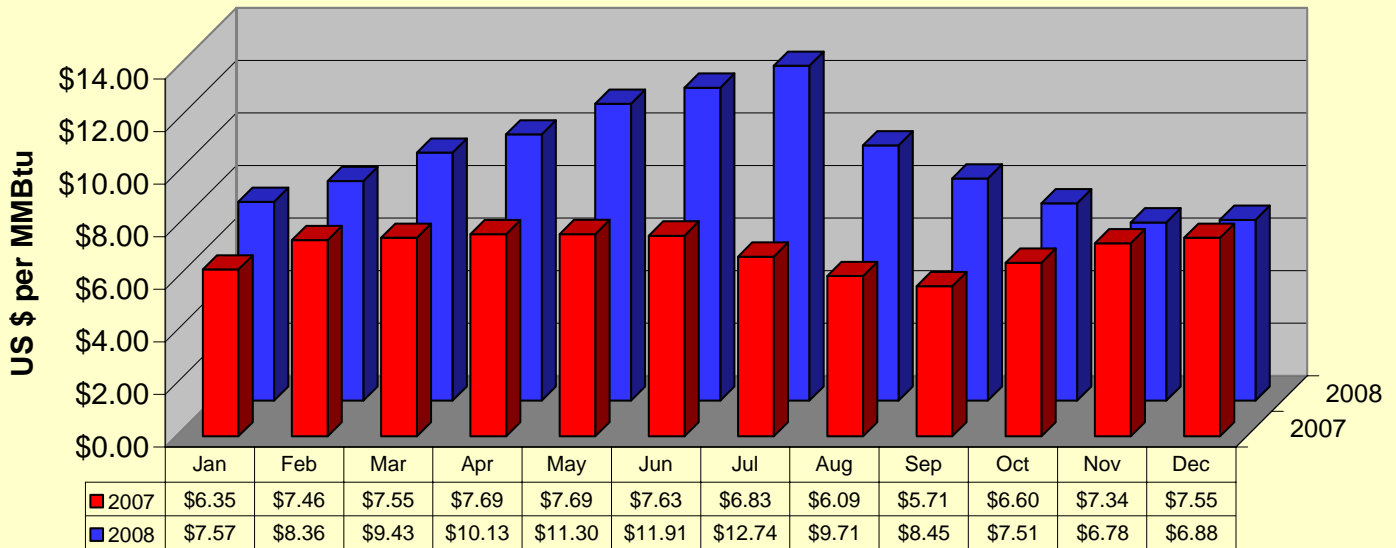
- Annual weighted-average export prices at all of the major exit points featured above, except for Marysville, Michigan, were higher in 2008 than in 2007.

Prices of Exports to Canada by Month



- Annual weighted-average prices of exports to Canada were higher in 2008 than in 2007 for every month except November and December. The price differential was higher during the months of April through August, reaching its peak in July, when 2008 prices averaged \$5.87 per MMBtu more than the same month in 2007. The same pattern in price differentials can be seen in U.S. imports from Canada, suggesting overall higher gas price levels in summer 2008.

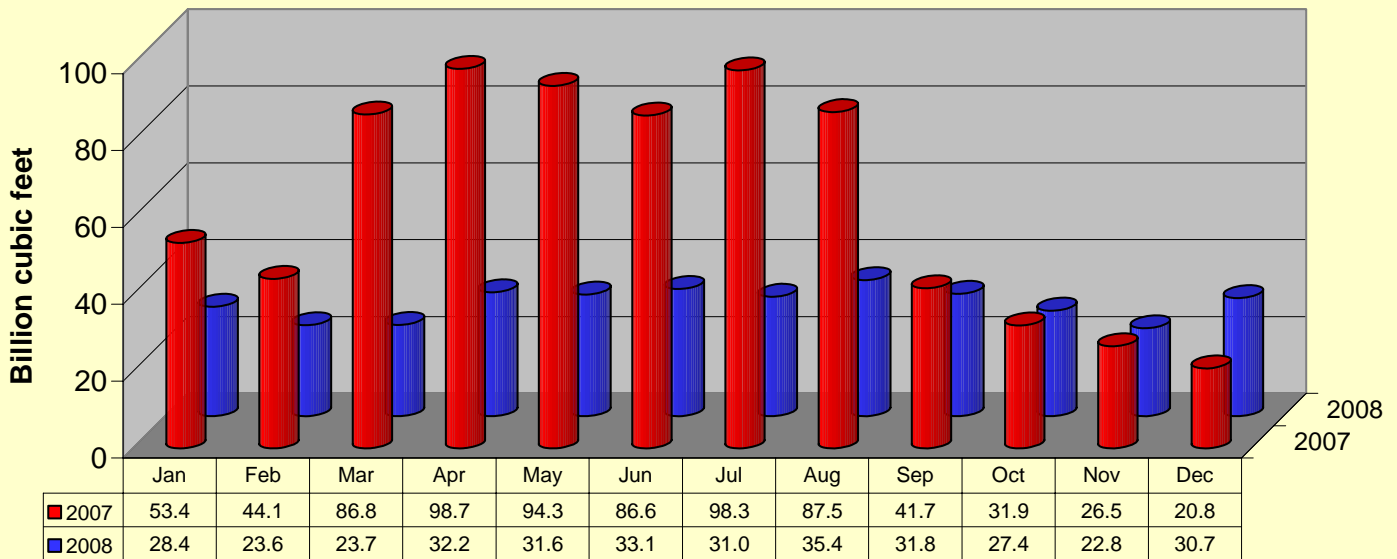
St. Clair, MI Export Prices



Note: The St. Clair export point handles more than 80% of US gas exports to Canada.

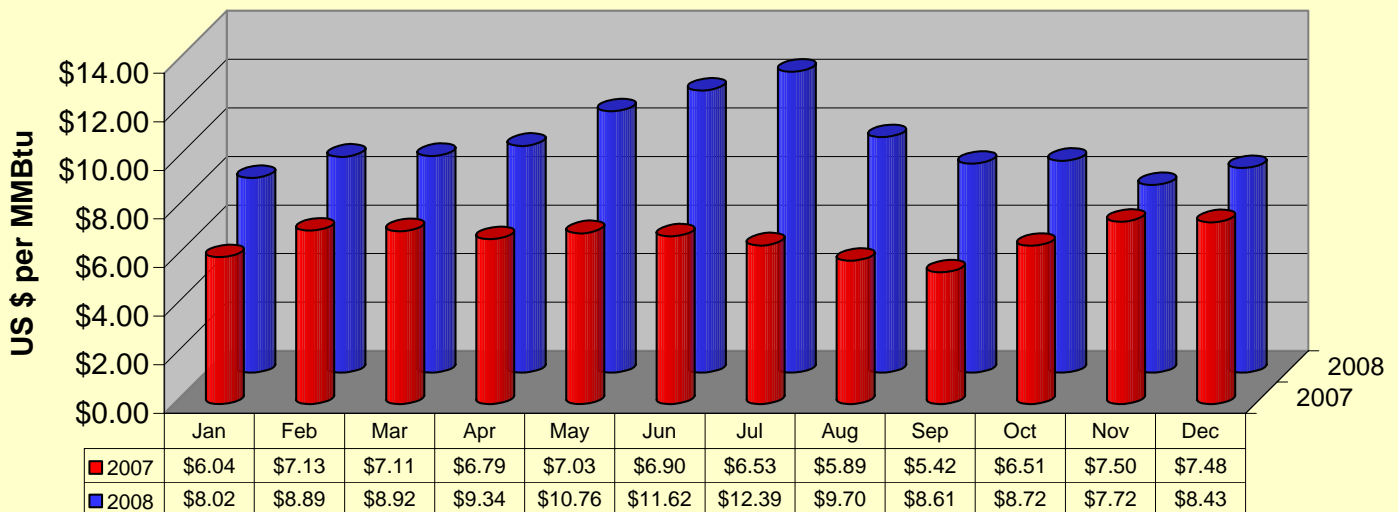
- As with prices of exports to Canada overall, annual weighted-average prices of exports to Canada through the St. Clair, Michigan exit point were higher in 2008 than in 2007 for every month except November and December. St. Clair dominates U.S. exports to Canada, handling more than 80% of those flows. Year-on-year price differentials at St. Clair were even more pronounced than at other points or in total, with 2008 monthly averages exceeding \$2.00 per MMBtu for a longer period, April through September, with the July peak differential reaching nearly \$6.00 per MMBtu.

LNG Imports by Month



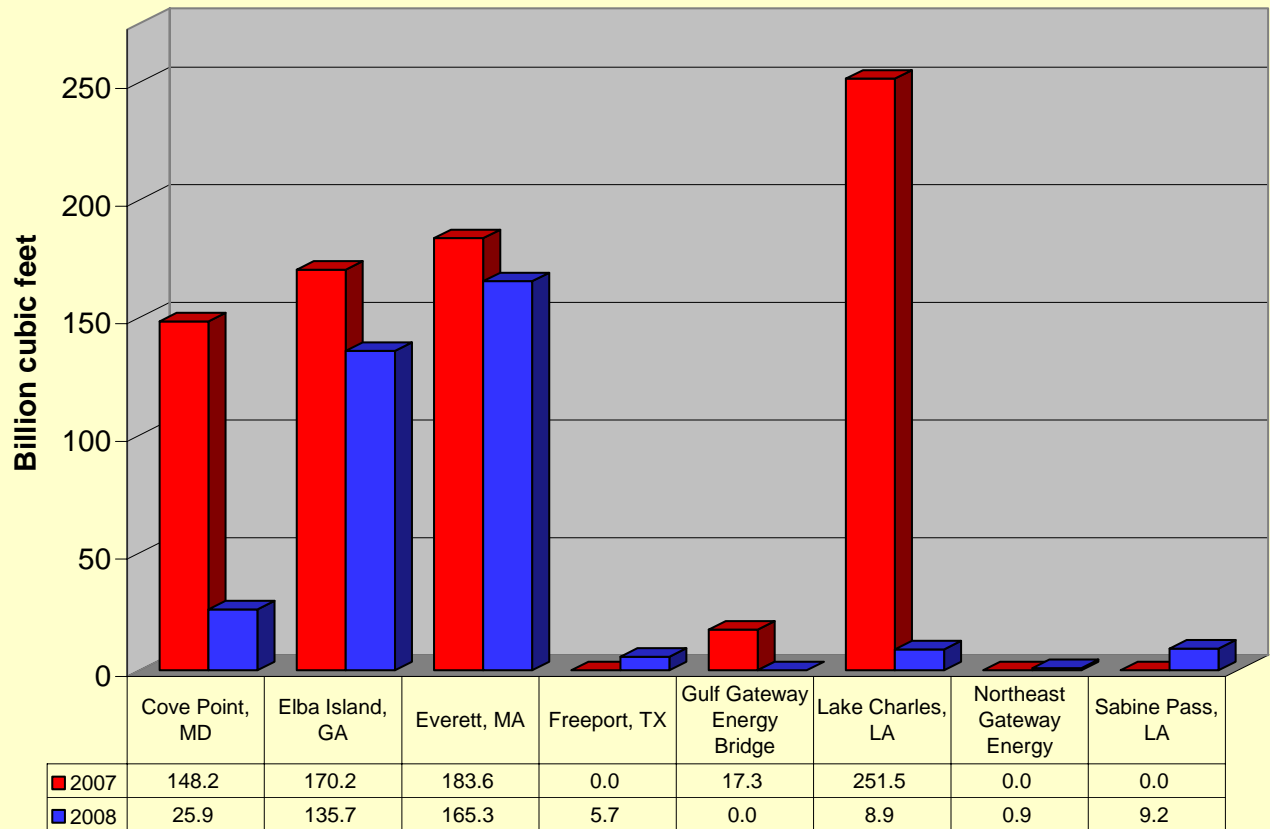
- LNG imports were lower in every month of 2008 than the corresponding month in 2007, with the exception of December, reflecting the overall dropoff in LNG imports in that year. Differentials were dramatic during the warmer months.

Prices of LNG Imports by Month



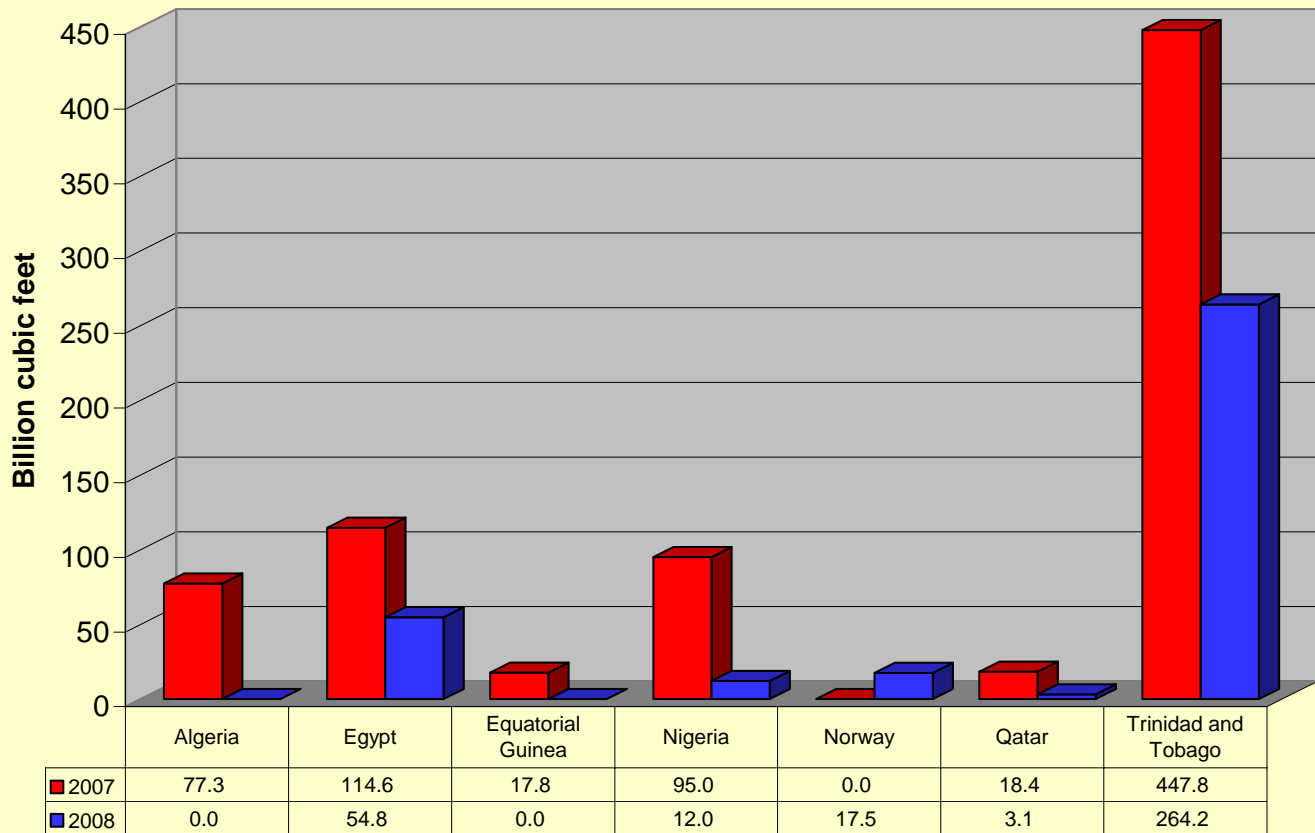
- While LNG import volumes were lower in 2008, prices were higher, with weighted average prices higher in every month than the corresponding month in 2007. Price differentials were highest in the warmer months, exceeding \$2.00 per MMBtu in April through October, and reaching a peak of almost \$6.00 per MMBtu in July.

LNG Imports by Receiving Terminal



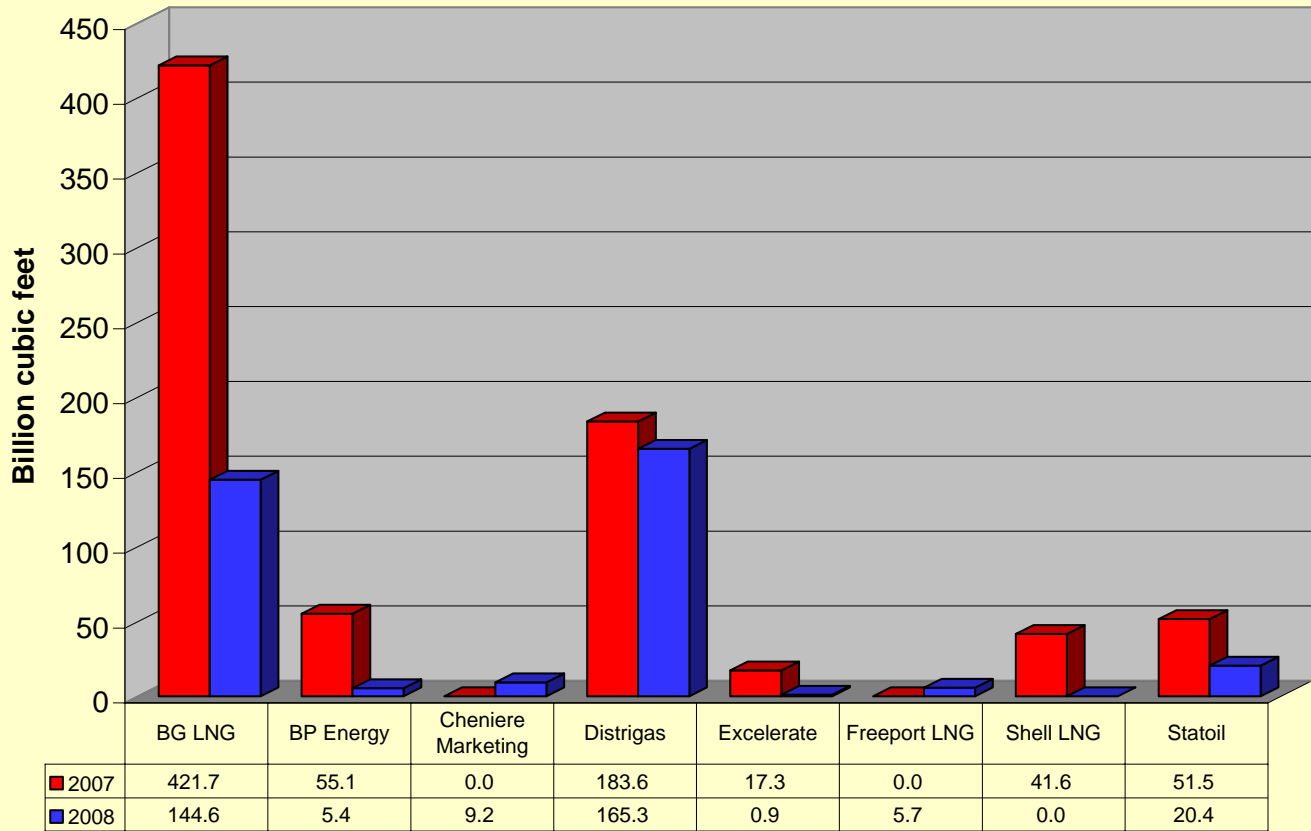
- The dropoff in LNG imports between 2007 and 2008 was experienced at every terminal that received cargos in 2007. (Freeport, Northeast Gateway, and Sabine Pass all began operations in 2008.) The most dramatic drop was experienced at Lake Charles, while the decreased volumes at Elba Island and Everett were more moderate. Gulf Gateway, while receiving only a small quantity in 2007, received none in 2008.

LNG Imports by Country of Origin



- The decrease in LNG imports from 2007 to 2008 was evidenced in imports from all source countries. Imports from Trinidad & Tobago, the largest supplier, decreased by almost half. Two countries, Algeria and Equatorial Guinea, that were suppliers in 2007, provided no LNG to the U.S. in 2008. Only one country, Norway, saw an increase, becoming an LNG supplier to the U.S. for the first time in 2008.

LNG Imports by Company

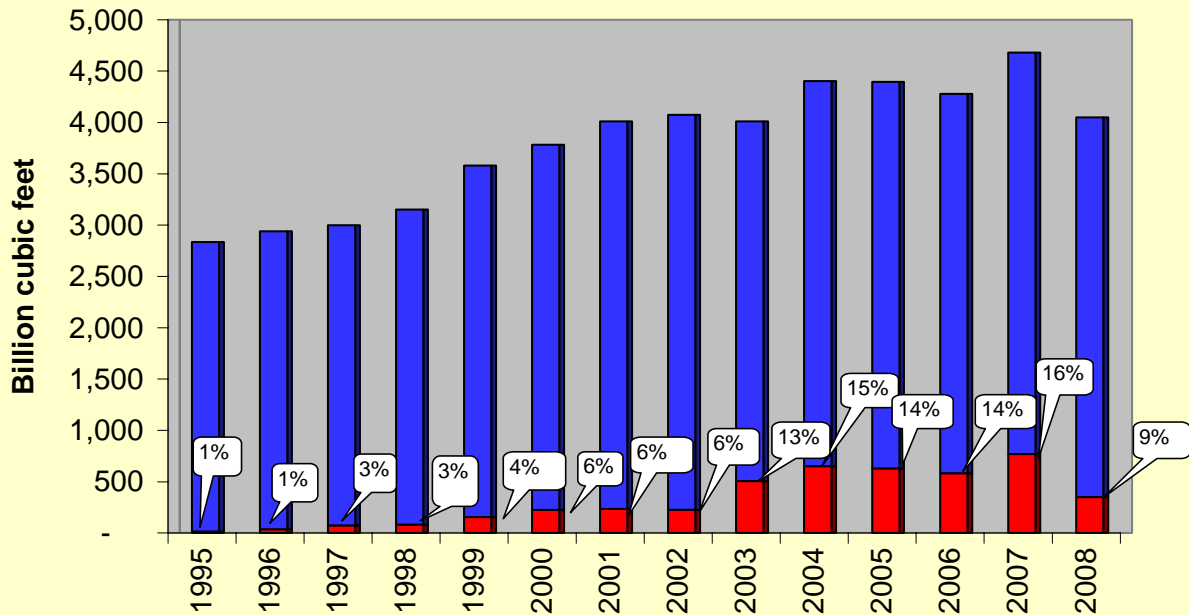


- In keeping with the year-on-year decrease in LNG imports, every established importing company experienced a drop in imports from 2007 to 2008. The decrease at Distrigas was modest, while BG LNG saw the largest volume decrease. Shell LNG had no imports in 2008, and two new importers began activity during the year.

Long-Term Trend Analysis

Imports, Pipeline vs LNG

& LNG as Percentage of Imports

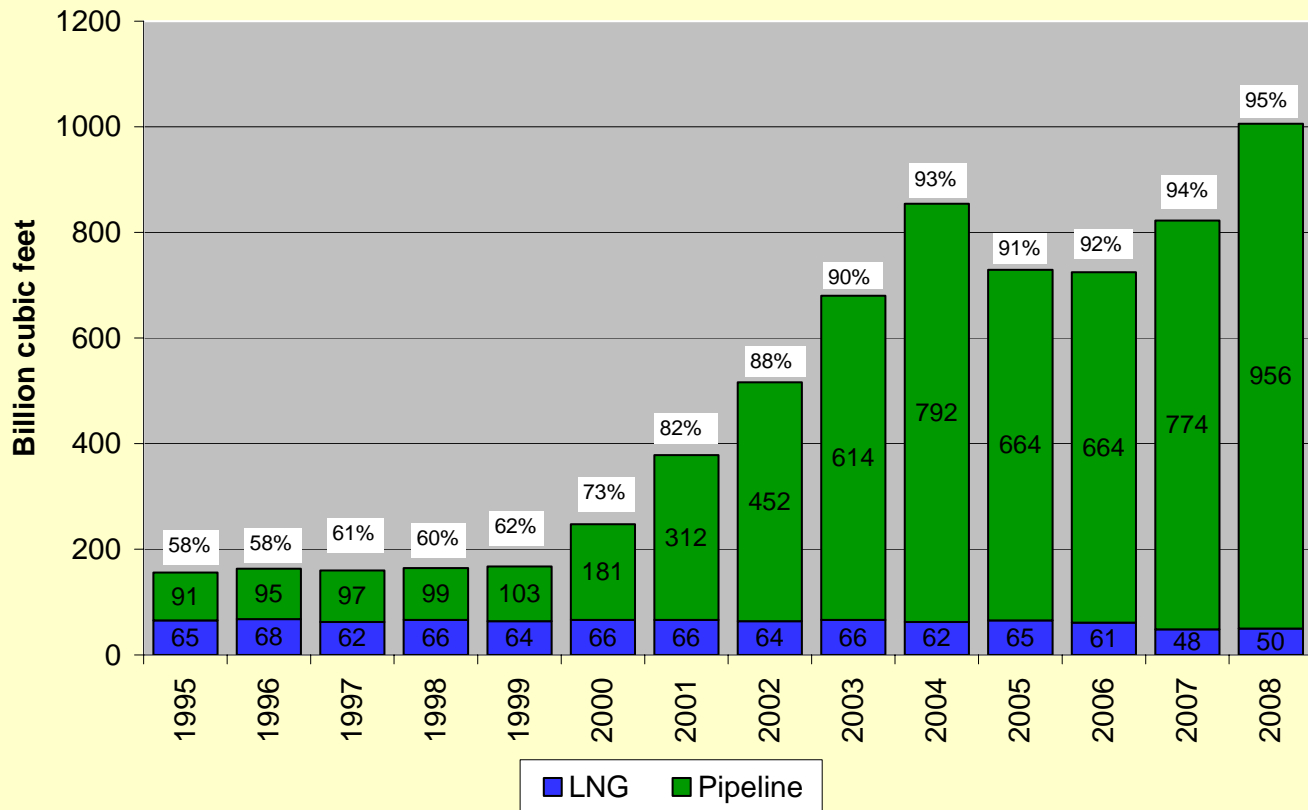


| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| ■ Pipeline | 2,821 | 2,900 | 2,922 | 3,067 | 3,422 | 3,556 | 3,773 | 3,846 | 3,504 | 3,750 | 3,764 | 3,696 | 3,911 | 3,697 |
| ■ LNG | 15 | 39 | 76 | 84 | 157 | 226 | 236 | 229 | 507 | 652 | 631 | 584 | 771 | 352 |

- 2008 witnessed a departure from a long-term general trend toward an increasing share for LNG of total U.S. natural gas imports. From a high of 16% in 2007, LNG only comprised 9% of gas imports in the most recent year.

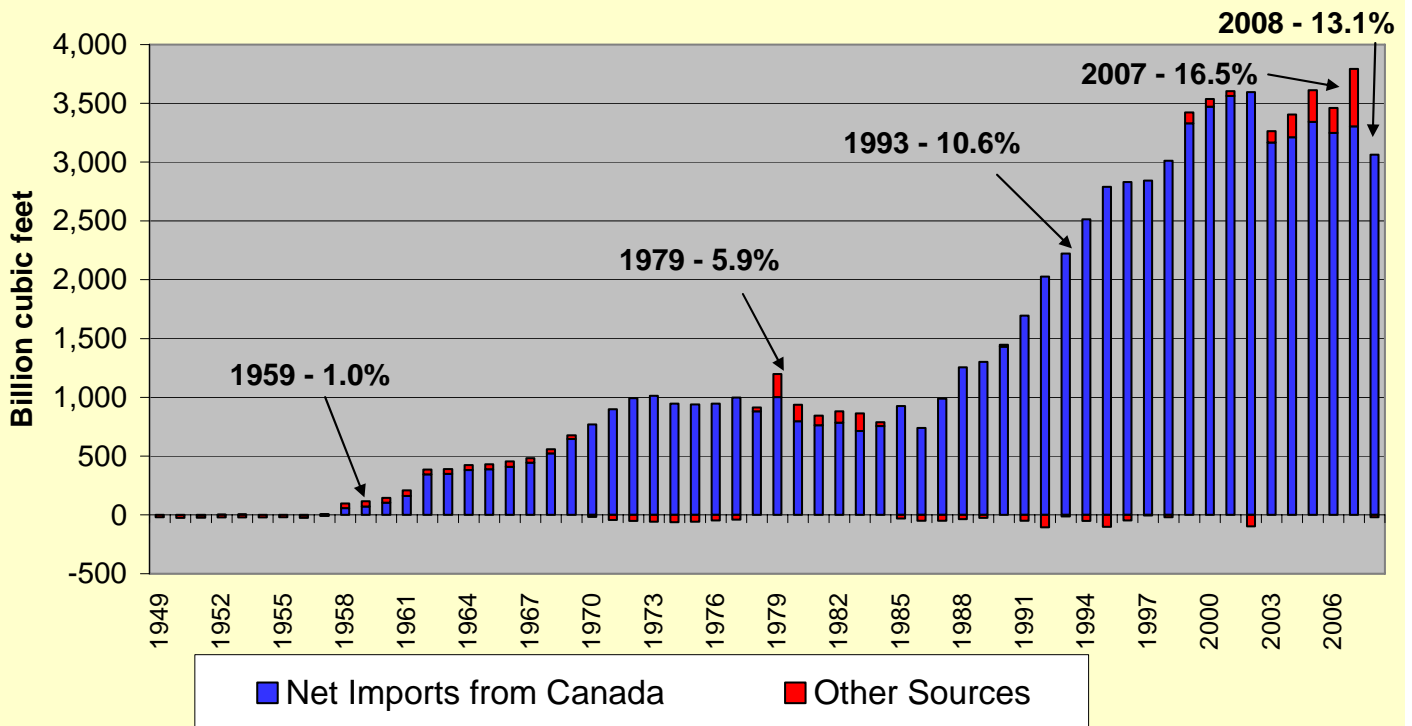
Exports, Pipeline vs LNG

& Pipeline Exports as Percentage of Total



- Continuing a trend, exports via pipeline totaled the highest percentage of U.S. gas exports in recent history, reaching 95%. This record was the result of record exports combined with a dropoff in LNG exports from Kenai, Alaska.

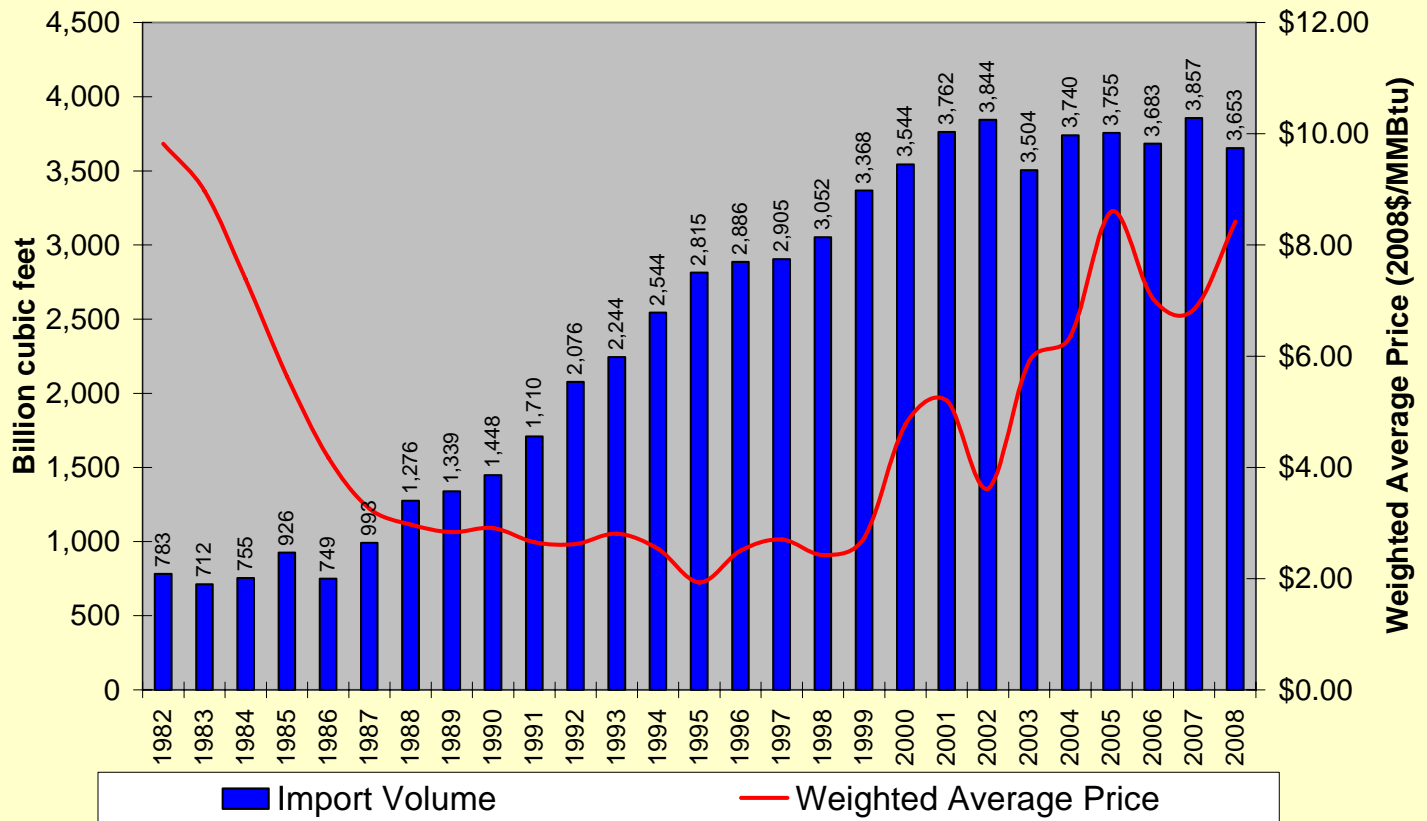
Net Imports from Canada and Other Sources & Imports as Percentage of US Gas Consumption, Selected Years



Sources: Energy Information Administration, Annual Energy Review 2006, Table 6.3, "Natural Gas Imports, Exports, and Net Imports, 1949-2007"; and Office of Fossil Energy, Office of Natural Gas Regulatory Activities.

- This long-term view of imports and exports illustrates the continuing dominance of Canada in American natural gas trade. The U.S. has been a net importer of gas from Canada since the late 1950s. The gas trade with Canada dwarfs all other gas exchange combined.
- 2008 saw the reversal of a recent trend in the importance of gas imports. In 2007, imports reached a peak of 16.5% of annual U.S. gas consumption, based largely on increasing LNG imports. But the following year's decrease in LNG imports, combined with a net export position to Mexico, made the U.S. a small net exporter (20.2 Bcf) to non-Canada sources in 2008. Overall, net imports were a smaller fraction (13.1%) of U.S. gas consumption than at any time since 1997.

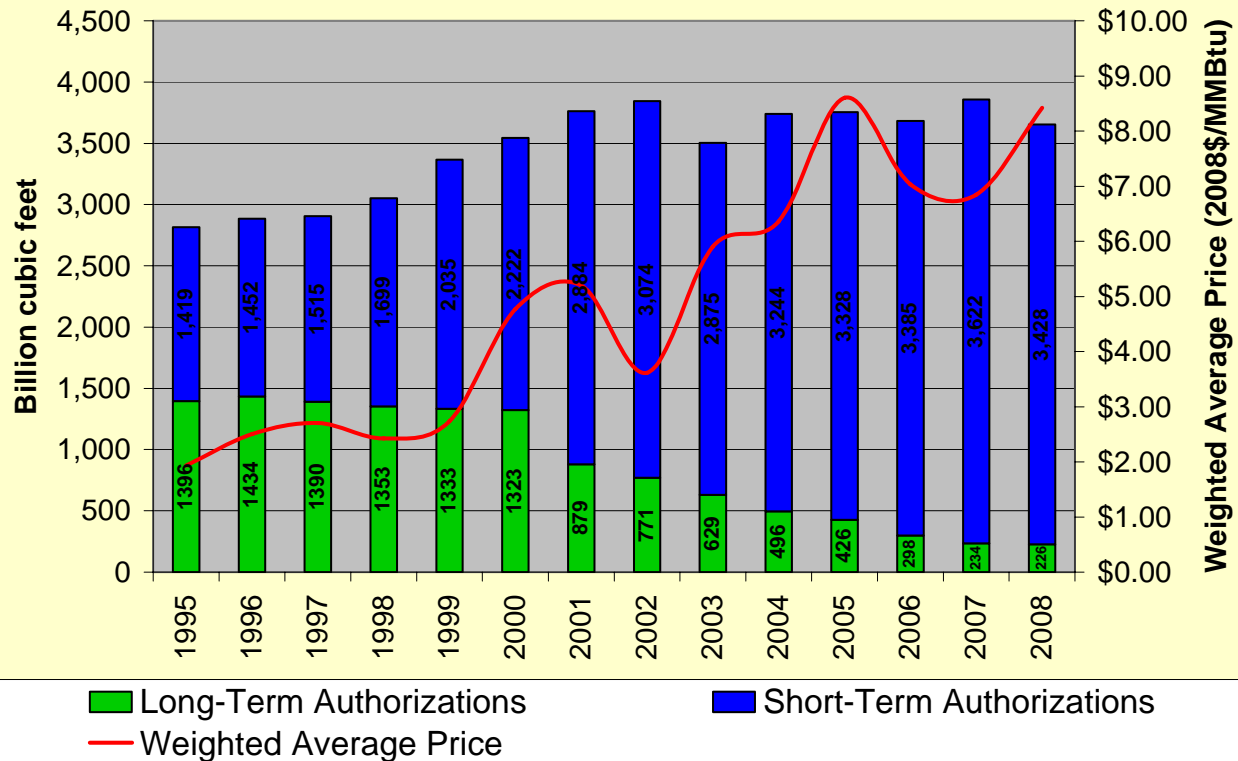
Imports from Canada



- Imports from Canada have grown substantially over the past 25 years, reaching an approximate plateau at about the turn of the century.
- Volume-weighted prices of Canadian imports, in inflation-adjusted dollars, dropped through the 1980s, held roughly constant in the 1990s, and began climbing in the latter part of that decade. There have been up or down swings from year to year, but import prices have remained at an elevated level, compared with the last 20 years.

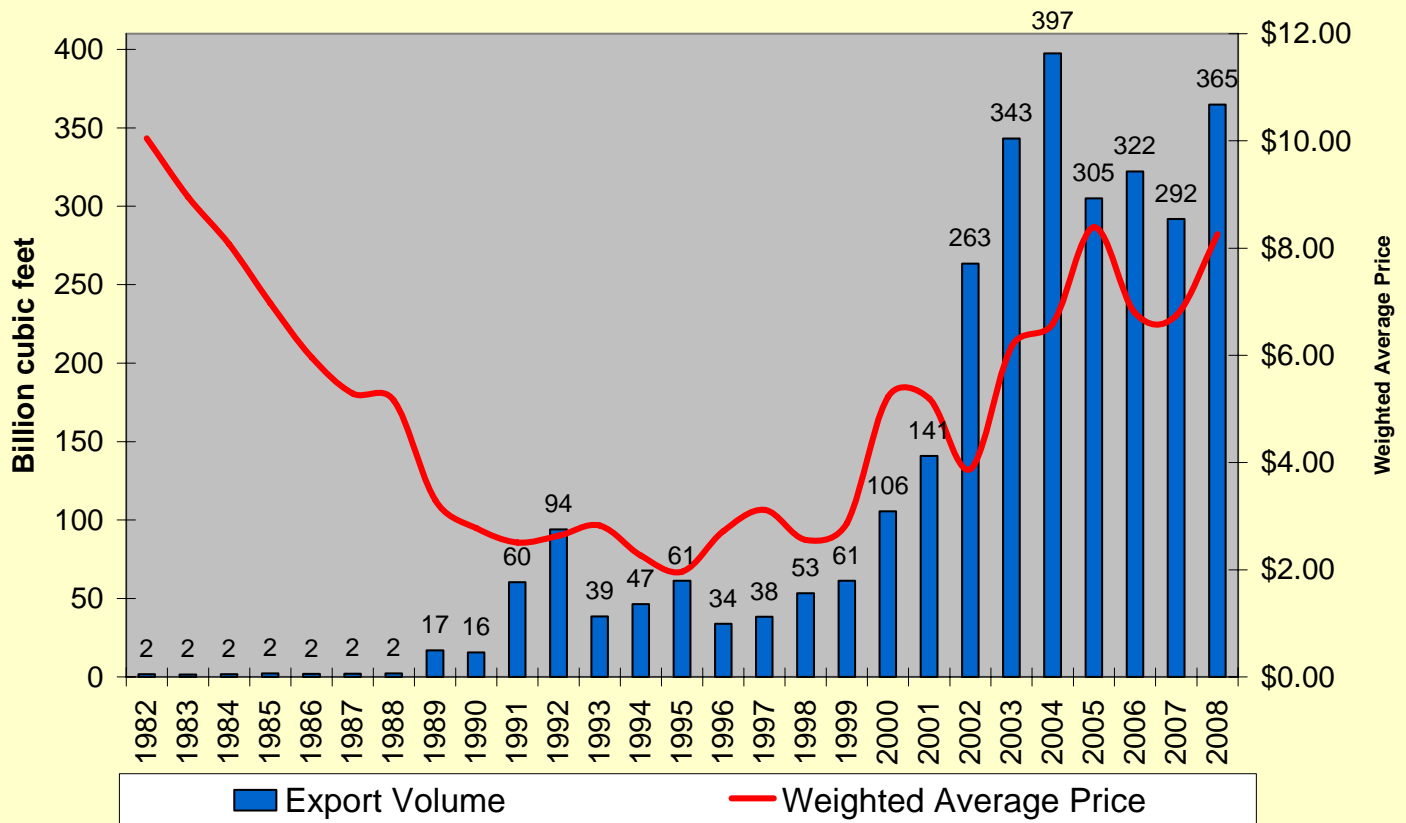
Imports from Canada

Long-Term vs Short-Term Authorizations



- Imports of Canadian natural gas have increasingly been made under short-term authorizations, with the use of long-term authorizations steadily dwindling.

Natural Gas Exports to Mexico



- From a low level in the early 1980s, U.S. exports to Mexico have grown substantially. While showing fairly large increases and decreases from year to year, the overall level of exports has remained on the order of 300 Bcf per year, or higher, for the last several years. Annual exports to Mexico reached their highest level to date in 2004, at 397 Bcf, with 2008's total of 365 Bcf the second highest year.