

Offshore LNG Receiving Terminals



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Meeting America's Energy Demand Port Pelican...a ChevronTexaco Approach

"Our company's large worldwide natural gas resource base and strong position in North America provides us with a unique opportunity to create and grow an integrated global gas business..."

The eventual scope of our global gas business will encompass the full gas value chain...

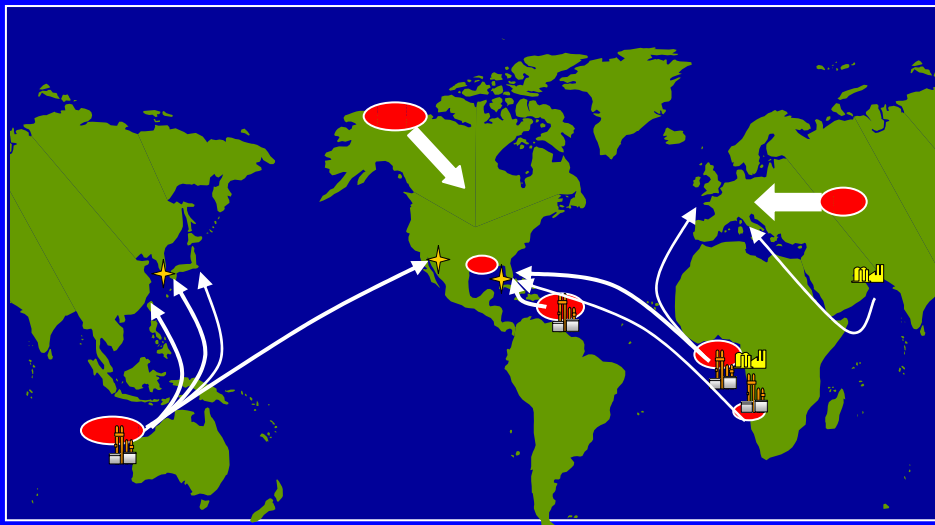
In the Atlantic Basin [we] will pursue LNG initiatives looking to develop multi-supply and multi-market access positioning, with the initial focus in North America and Western Africa"

Dave O'Reilly
Chairman
ChevronTexaco



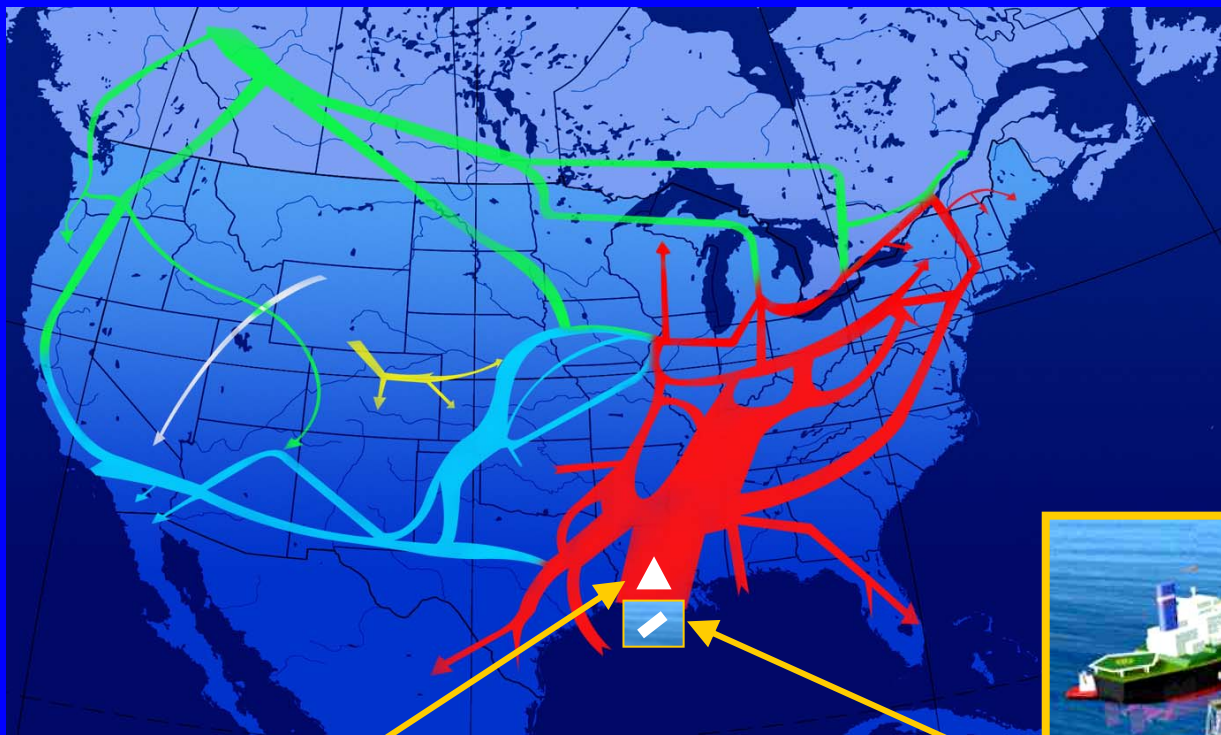
ChevronTexaco Global Gas – A Natural Gas Value Chain

Multi-billion Dollar Investments Are Required to Develop and Construct a Value Chain to deliver LNG to US Markets



Securing enough **firm terminal capacity** at the market end of the LNG value chain has historically been a problem in approving investment in new gas supply projects

Port Pelican...First to open the New Frontier for safe, large scale US LNG import terminals



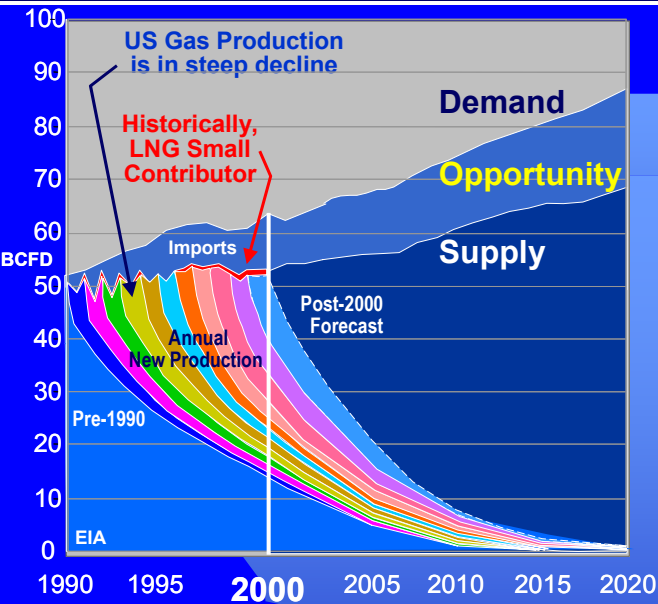
- Expandable LNG Facility
- Accesses existing gas pipelines, revitalizing infrastructure in line with National Energy Strategy
- Connected to ChevronTexaco owned 'Henry Hub' to market gas through major US gas distribution networks



▲ Henry Hub Natural Gas Interchange

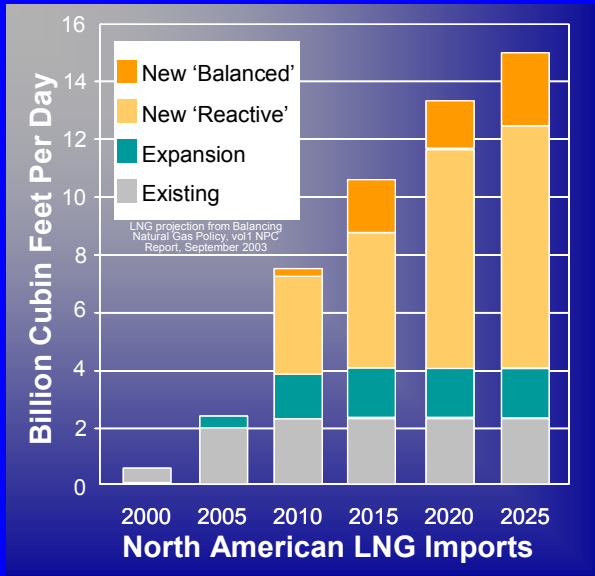


North American LNG Receiving Terminals: Existing

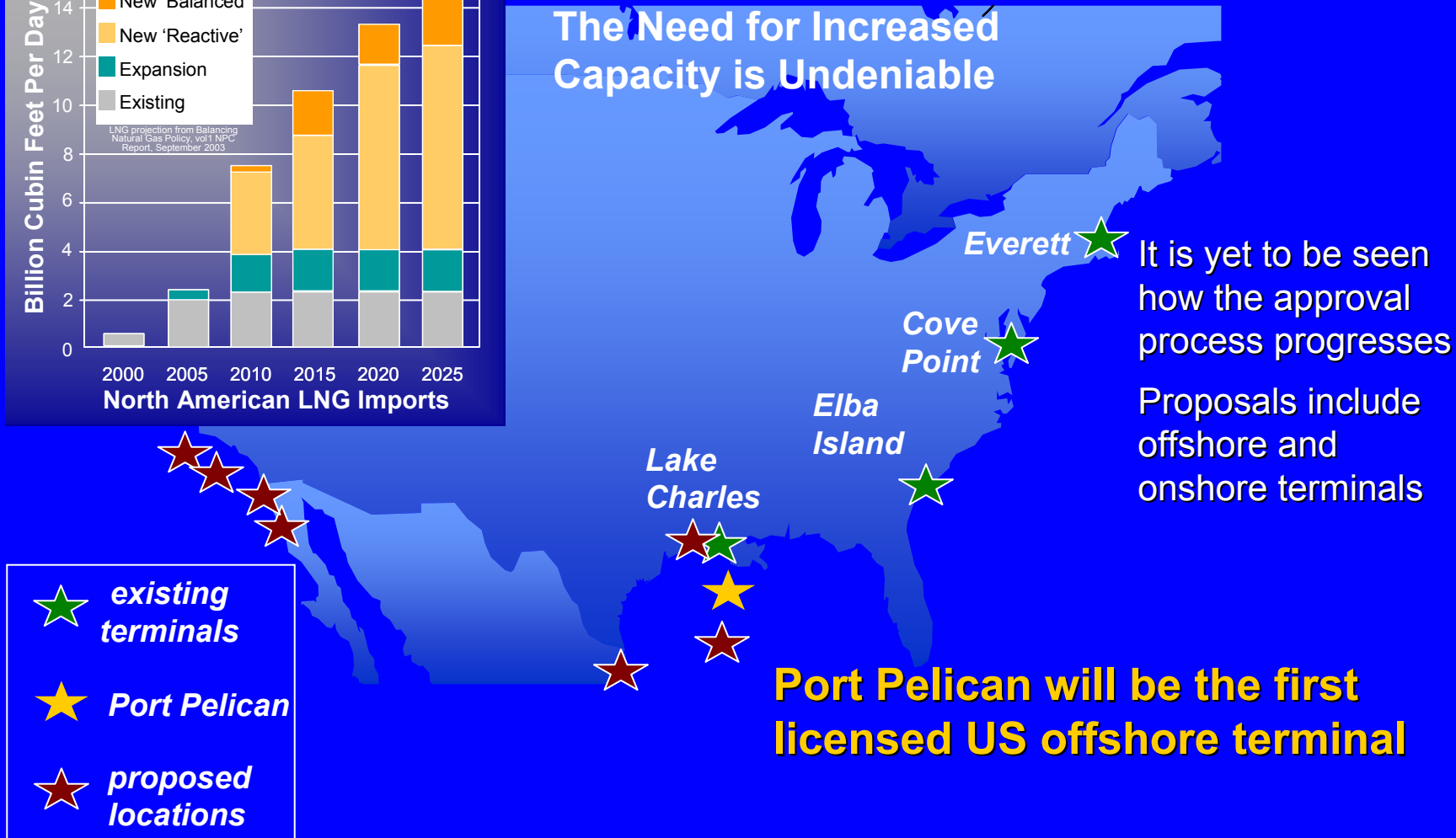


Currently only four active US LNG terminals

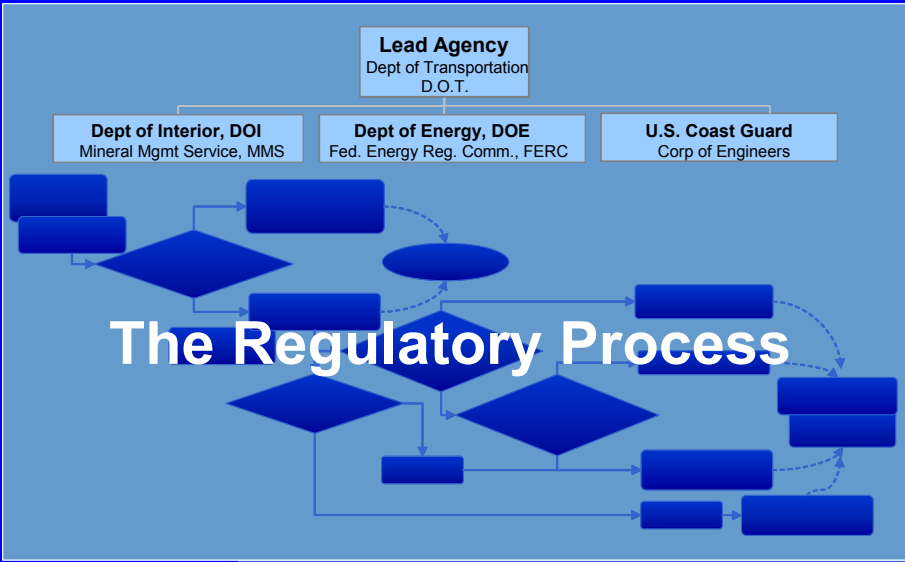
New Terminal Proposals



The Need for Increased Capacity is Undeniable



Proposals are growing...



Most proposals face significant hurdles to their development

-  existing terminals
-  Port Pelican
-  proposed locations

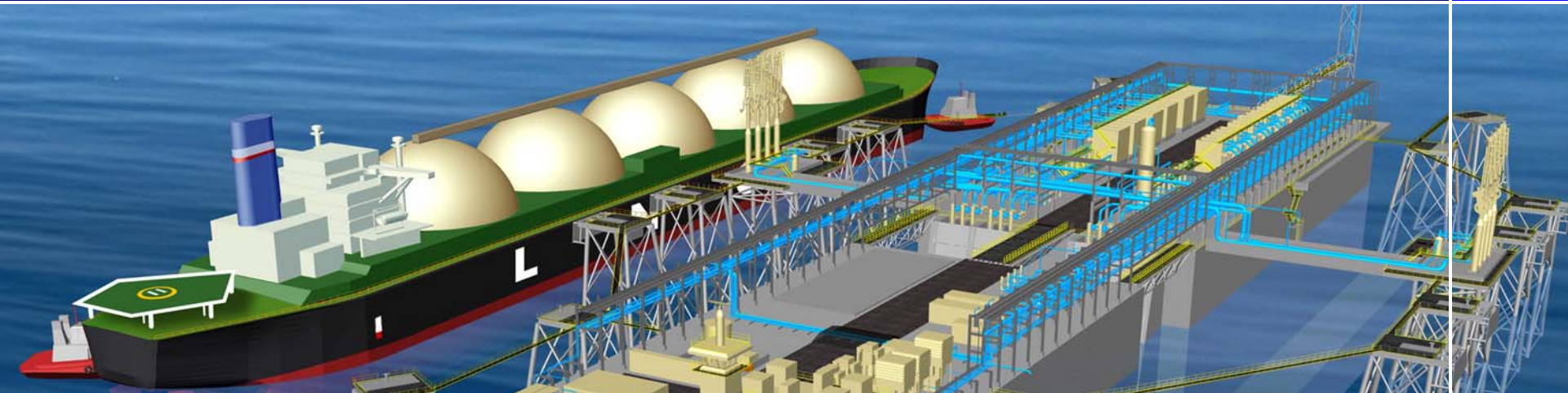
Port Site Selection Criteria

- Optimal Marine Operability
 - Direct approach, departure & emergency exit corridors
 - Water depth to accommodate super large LNG carriers
 - Adequate anchorage area
 - Minimal congestion
 - Avoids seabed hazards
 - Acceptable year-round metocean conditions
- Minimal Environmental Impact
 - Avoid geotechnical hazards
 - Evaluate impacts to physical & human environment
 - Access existing pipeline infrastructure
- Market Access & Commercial Viability
 - Access existing pipeline infrastructure
 - Maximize LNG offloading capacity
 - Optimized project costs



Gravity Based Structure

Selected design for Port Pelican



- LNG Berthing & Unloading-Large ships
- LNG Storage
- LNG Re-gasification Facilities
- Gas Metering and Pipeline
- Emergency Flare System
- Control Center

- Power Generation
- Potable Water/Sanitary Systems
- Fire and Leak Detection System
- Emergency Evacuation Systems
- Helicopter Facilities
- Crew Quarters

Deepwater Port License

Port Pelican's Progress

November 1, 2002:

Business Entities Formed

- Port Pelican LLC
- Pelican Marketing & Trading LLC
(100% ChevronTexaco companies)

November 25, 2002: Port Pelican

Permit Application Submitted

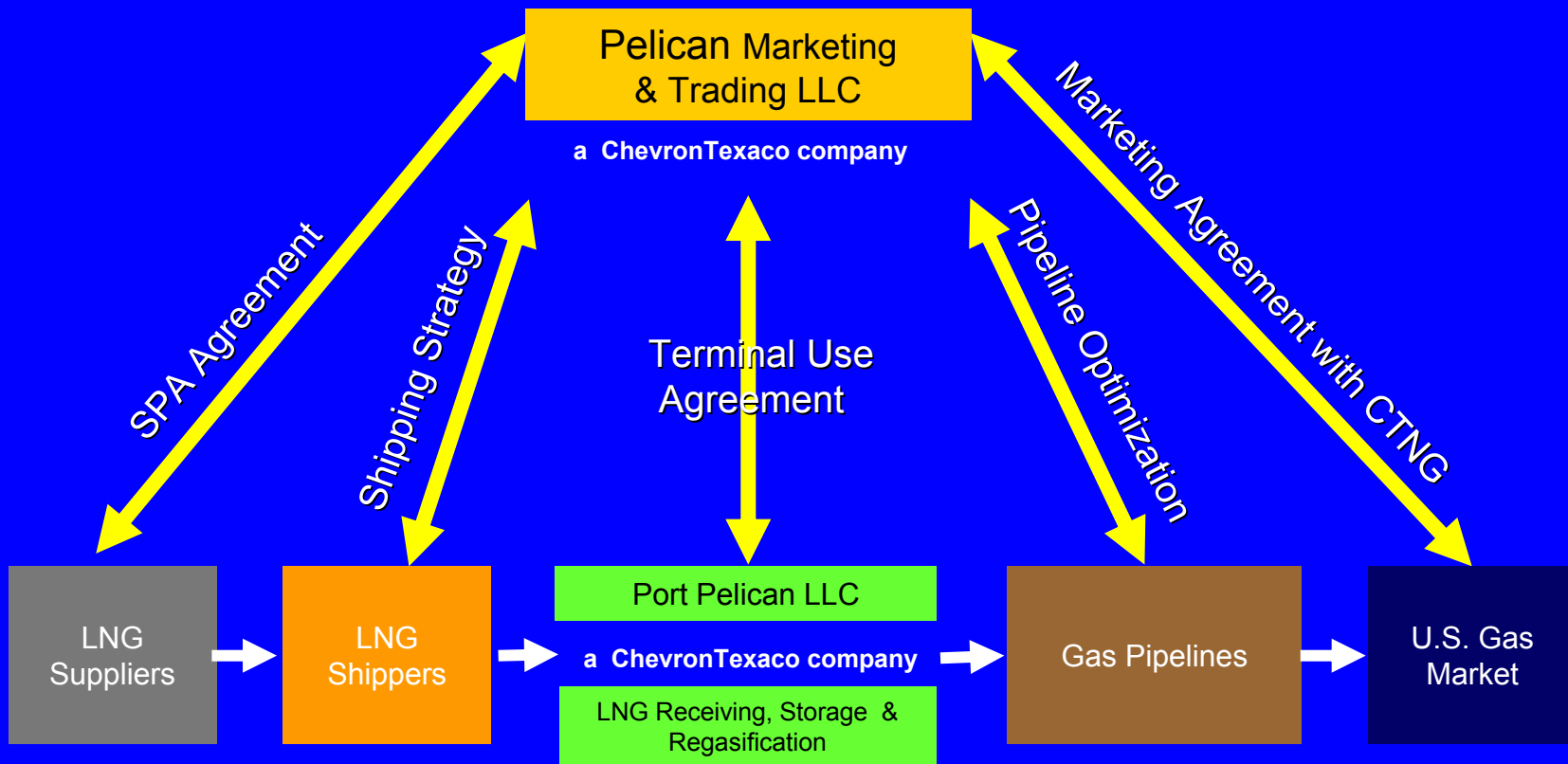
- First U.S. LNG Offshore Terminal submitted to USCG under DWPA, including managed access
- Demonstrates ChevronTexaco's commitment to expand the U.S. LNG business
- US Coast Guard managed Port Pelican's Regulatory Process

November 14, 2003

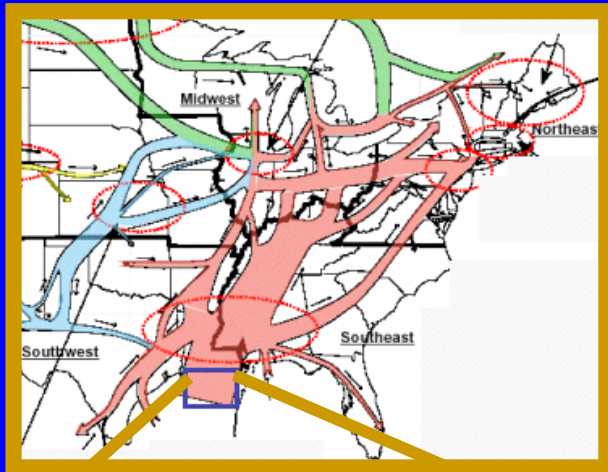
- Maritime Administration (MARAD) issues Record of Decision to grant a License with conditions to Port Pelican LLC
- **License Issued January 21, 2004**



The Pelican Entities Business and Commercial Structure



Summary



Managed Access - Pelican Marketing & Trading controls
1.6 BCFD capacity under the revised Deep Water Port Act

Developed Infrastructure – Connects to Henry Hub through ChevronTexaco's gas pipeline infrastructure

Location – Prime Gulf of Mexico location for shipping access & security of pipeline off-take

Value Chain Linkage - Enable upstream projects to deliver LNG supply to the US gas market

Timing – Aligned to LNG supply

Environmental Stewardship – Significantly reduced fuel & emissions compared to onshore terminals

Credibility – First to submit Deep Water Port application for natural gas and the continued Corporate support



Commentary

The US needs imported natural gas to meet future demand

Locating an LNG receiving terminal offshore is an ideal way to address near-shore terminal concerns

- Permitting
- Public Perception
- Availability of appropriate sites
- NIMBY
- Post 9/11 security concerns

The LNG industry has an enviable safety record with no major incidents involving LNG tankers, however, we have an opportunity to continue pro-active education in the US especially with the recent Algeria incident.

Just as GBS oil platforms in the North Sea opened new frontiers for E&P activities in the 1970's, offshore LNG terminals will open new opportunities for global E&P activities to economically supply gas to US Markets using super large LNG carriers

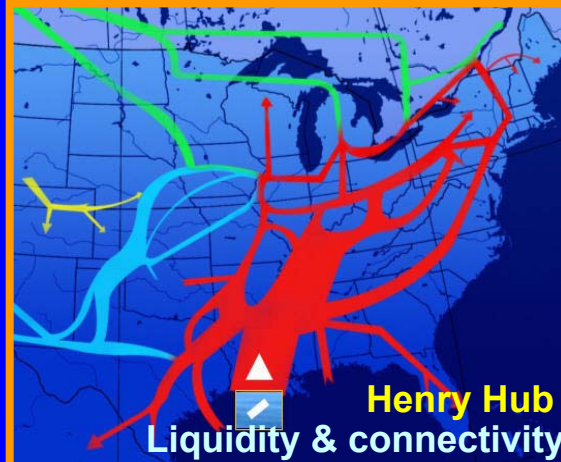
Market Pull for Upstream Success



Port Pelican

a ChevronTexaco Company

Credibility
First to license



Henry Hub
Liquidity & connectivity



Existing Infrastructure
Delivery to US gas markets



Location
Security & access



Environmental Stewardship
Significantly reduced
fuel & emissions

Pelican Marketing & Trading LLCsm

a ChevronTexaco Company

Managed Access
1.6 BCFD capacity

Port Pelican...the New Frontier



Thank you