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# The New Golden Age of Natural Gas

Doug Foshee

Chairman, President & Chief Executive Officer

Texas Oil & Gas Association's Lone Star Forum  
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D E P E N D A B L E   N A T U R A L   G A S

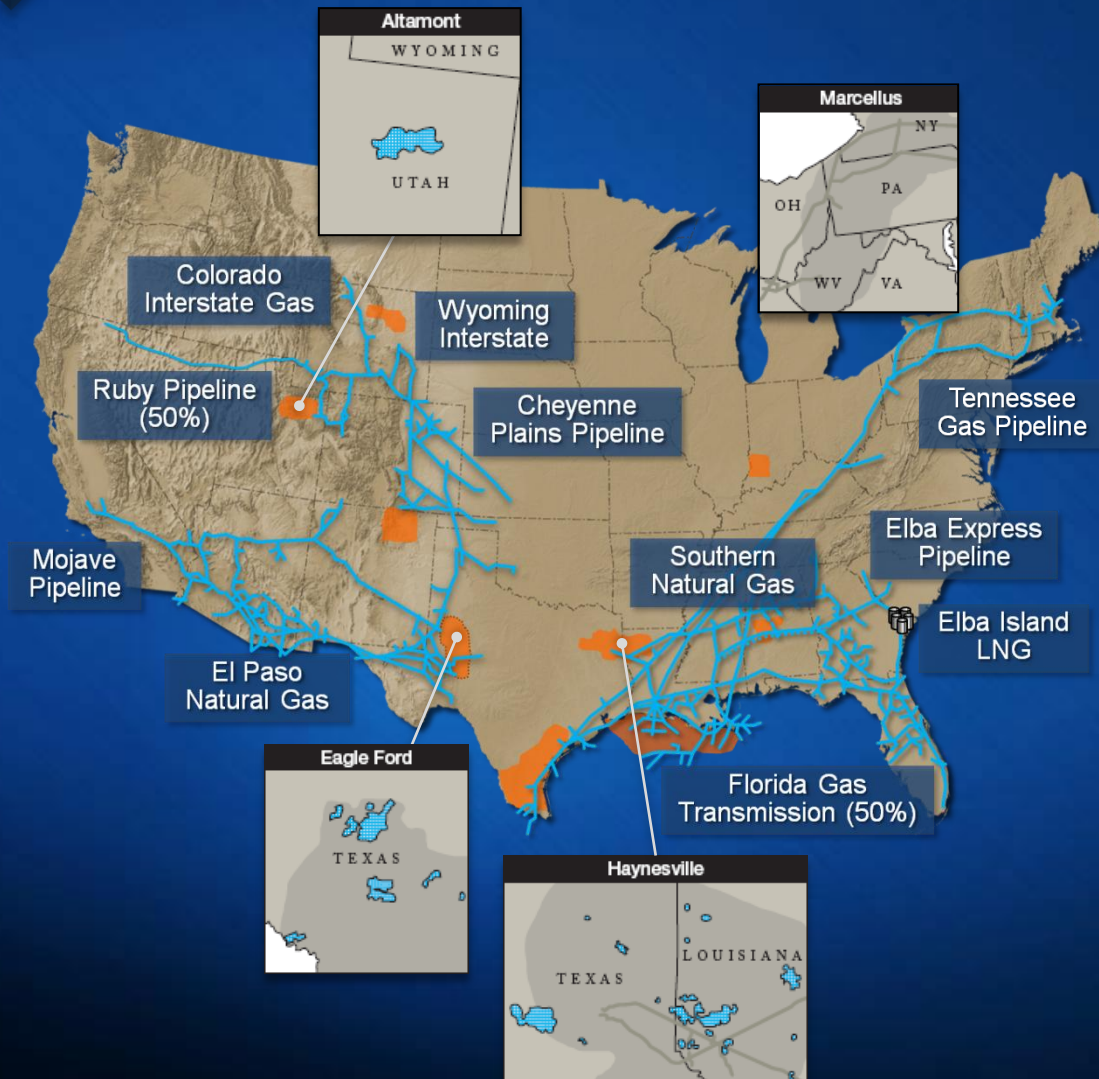
# Cautionary Statement Regarding Forward-Looking Statements

This presentation includes certain forward-looking statements and projections. The company has made every reasonable effort to ensure that the information and assumptions on which these statements and projections are based are current, reasonable, and complete. However, a variety of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this presentation, including, without limitation, our ability to execute our strategy of selling assets to El Paso Pipeline Partners, L.P.; our ability to pay dividends declared; changes in unaudited and/or unreviewed financial information; volatility in, and access to, the capital markets; our ability to implement and achieve objectives in our 2011 plan and guidance, including achieving our earnings and cash flow targets; our ability to complete the announced tax-free spinoff of our E&P business; the effects of any changes in accounting rules and guidance; our ability to meet production volume targets in our Exploration and Production segment; the uncertainty of estimating proved reserves and ultimate recoverable reserves, the future level of service and capital costs, the availability and cost of financing to fund our future exploration and production operations; the success of our drilling programs with regard to proved undeveloped reserves and unproved resources; our ability to successfully identify new midstream opportunities; our ability to comply with the covenants in our various financing documents; our ability to obtain necessary governmental approvals for proposed pipeline and E&P projects and our ability to successfully construct and operate such projects; the risks associated with recontracting of transportation commitments by our pipelines; regulatory uncertainties associated with pipeline rate cases; actions by the credit rating agencies; the successful close of our financing transactions; our ability to successfully execute our liability management programs at desired prices; credit and performance risk of our lenders, trading counterparties, customers, vendors and suppliers; changes in commodity prices and basis differentials for oil, natural gas, and power; general economic and weather conditions in geographic regions or markets served by the company and its affiliates, or where operations of the company and its affiliates are located, including the risk of a global recession and negative impact on natural gas demand; the uncertainties associated with governmental regulation; political and currency risks associated with international operations of the company and its affiliates; competition; and other factors described in the company's (and its affiliates') Securities and Exchange Commission filings. While the company makes these statements and projections in good faith, neither the company nor its management can guarantee that anticipated future results will be achieved. Reference must be made to those filings for additional important factors that may affect actual results. The company assumes no obligation to publicly update or revise any forward-looking statements made herein or any other forward-looking statements made by the company, whether as a result of new information, future events, or otherwise.

Certain of the production information in this presentation includes the production attributable to El Paso's 48.8 percent interest in Four Star Oil & Gas Company ("Four Star"). El Paso's Supplemental Oil and Gas disclosures, which are included in its Annual Report on Form 10-K, reflect its interest in the proved reserves of Four Star separate from its consolidated proved reserves. In addition, the proved reserves attributable to its interest in Four Star represent estimates prepared by El Paso and not those of Four Star.

Cautionary Note to U.S. Investors—Investors are urged to closely consider the disclosures and risk factors in our Forms 10-K and 10-Q, available from our offices or from our website at <http://www.elpaso.com>, including the inherent uncertainties in estimating quantities of proved reserves.

# El Paso Corporation



## PREMIER PIPELINE FRANCHISE<sup>1</sup>

- Best footprint
- Highly integrated systems
- Superior project execution
- Transports more than 25% of natural gas delivered to U.S. consumers

## TOP 10 INDEPENDENT E&P

- 3.4 Tcfe proved reserves<sup>2</sup>
- Deep inventory of onshore, repeatable programs
- Rapidly growing oil production

## EMERGING MIDSTREAM BUSINESS

<sup>1</sup>As of 12/31/10

<sup>2</sup>As of 12/31/10, includes proportionate share of Four Star

Note: Includes El Paso Corporation and El Paso Pipeline Partners, L.P.

# The Opportunities



# 2001 to 2011

## A Decade Makes a Difference

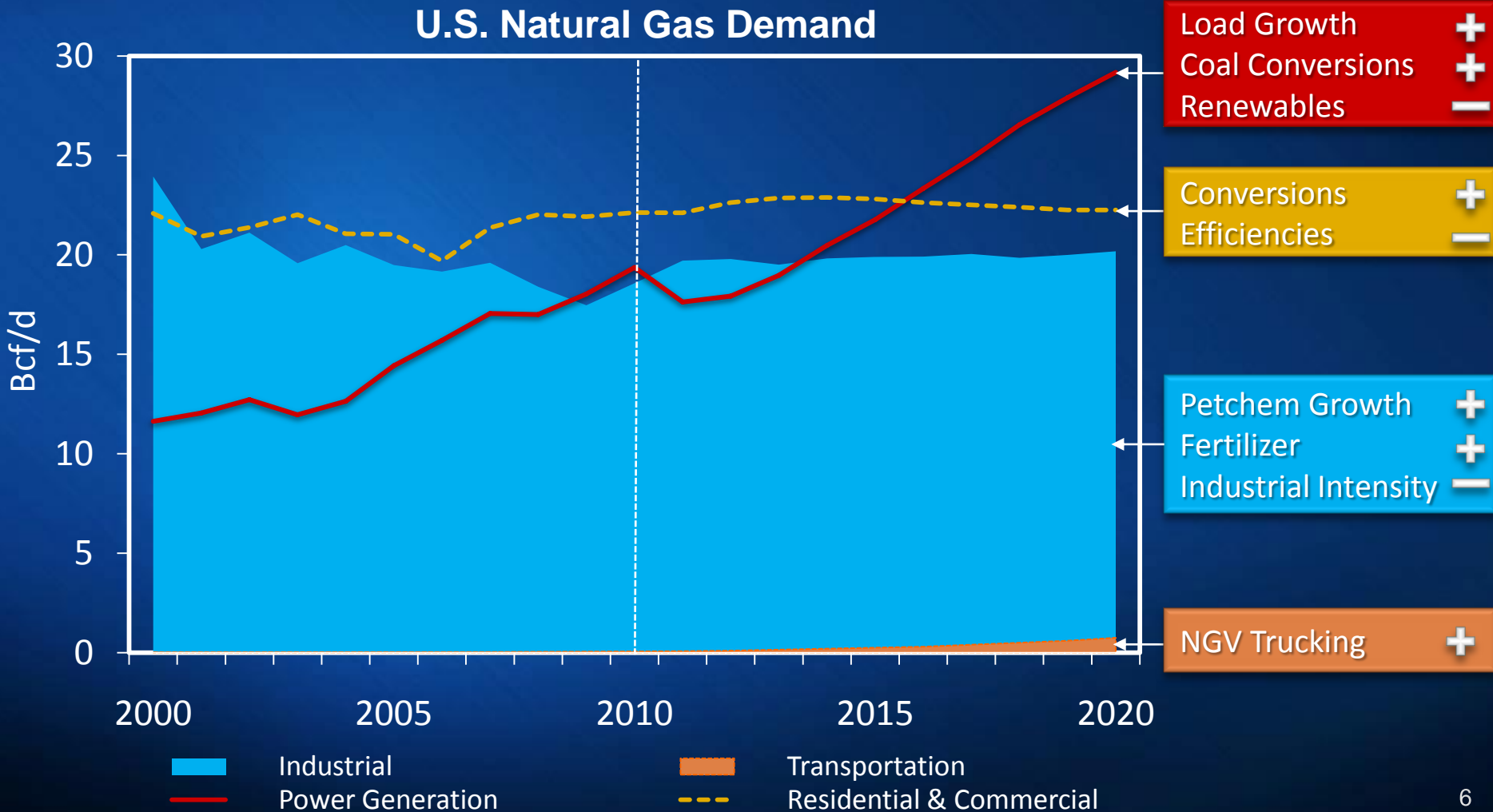
### THEN

- 60-year supply and falling
- Shale known but uneconomic to develop
- Underground gas storage primarily traditional reservoir; operationally not very flexible
- Pipeline capacity growing incrementally
- Rising prices with several spikes

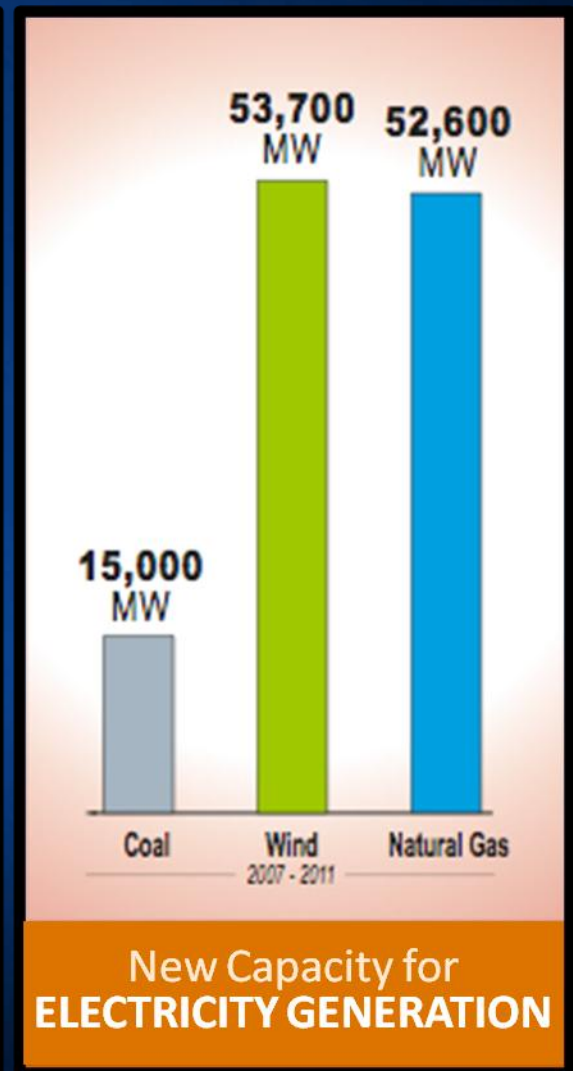
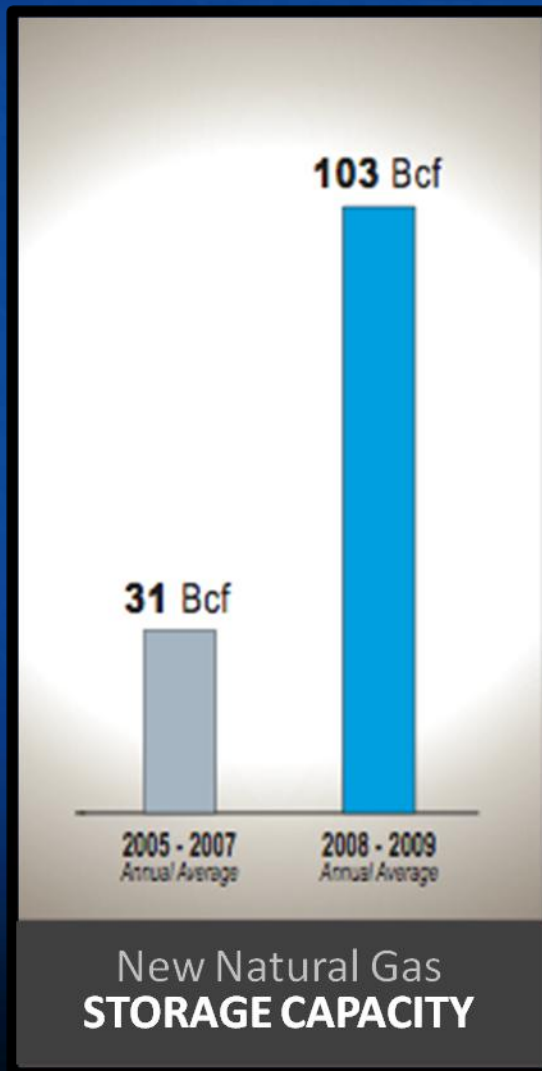
### NOW

- 100+ year supply and growing
- Flourishing production, vast shale resources now accessible
- Storage boom with more flexible salt-cavern facilities and additional market area storage
- 16,000+ miles of interstate pipeline added since 2000
- Plentiful supplies and moderate prices provide supply diversity

# Powergen Dominates Gas Demand Growth

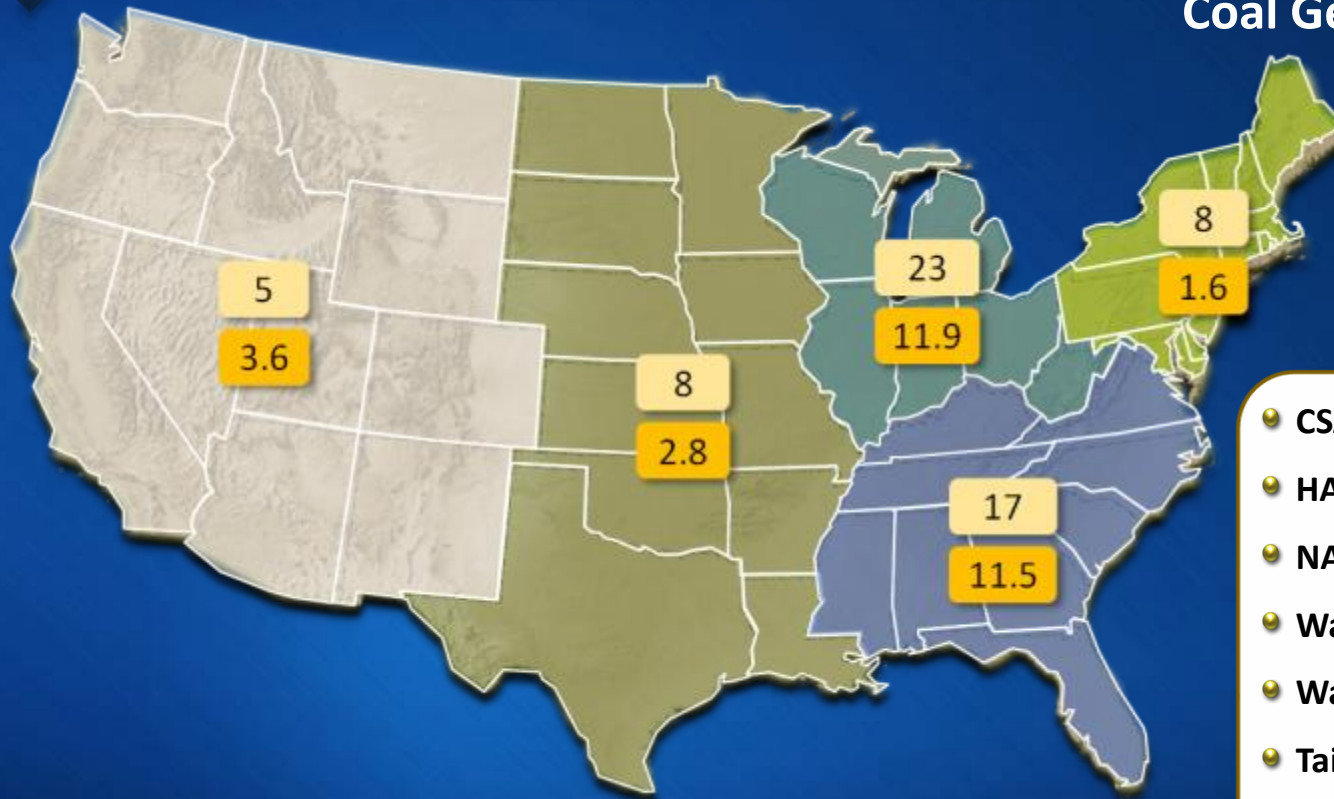


# Industry Already Recognizing Importance of Natural Gas by Investing in Storage, Pipelines, and Gas Generation



# Regulatory Pressures Drive Coal Retirements

Coal Generation Capacity (GW)



Total Coal Capacity—315 GW<sup>1</sup>

No Emission Controls—105 GW<sup>1</sup>

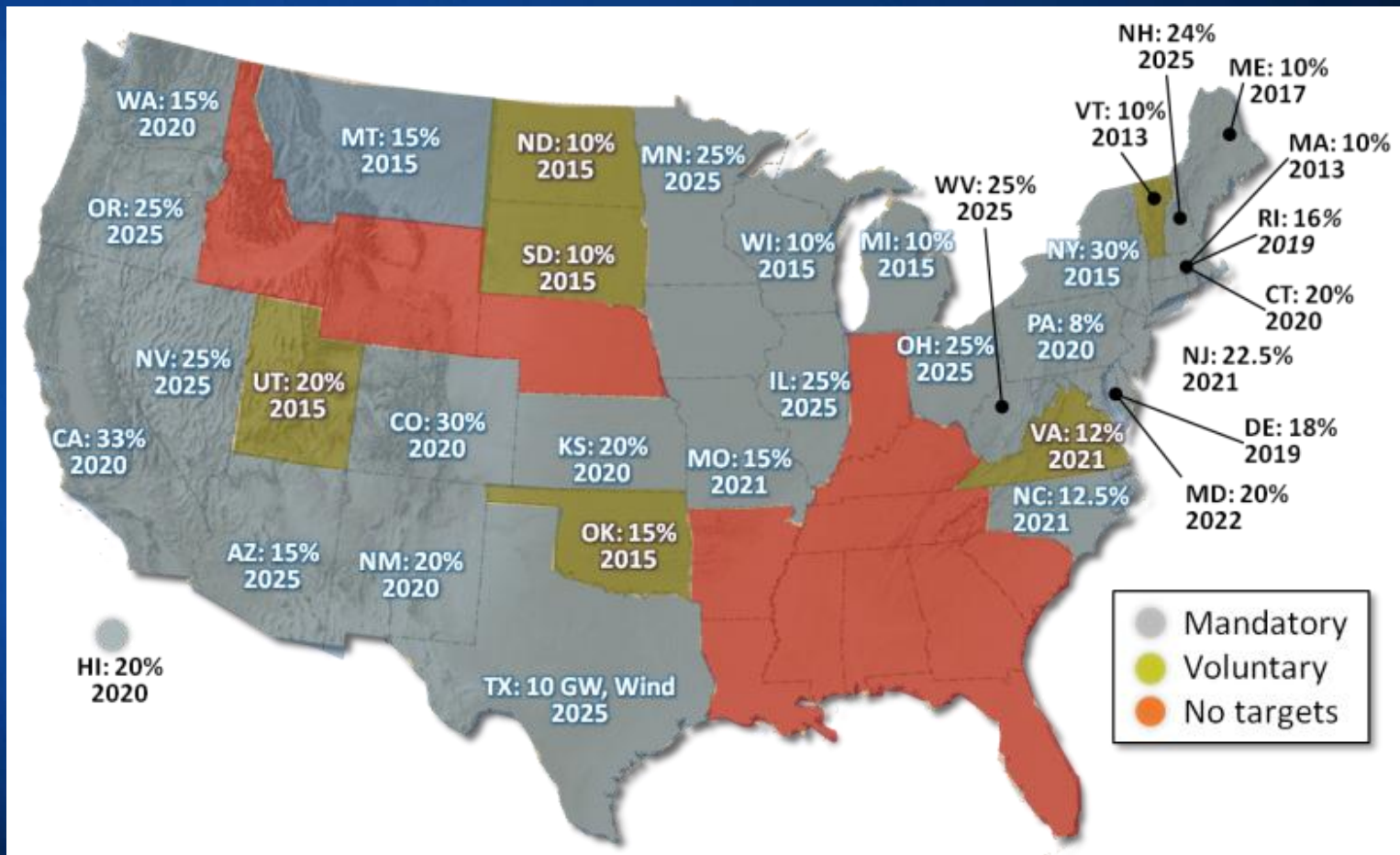
Projected Retirements—60 GW<sup>2</sup>

Announced Retirements—31 GW

- CSAPR—NO<sub>x</sub>, SO<sub>x</sub>
- HAPS Rule—Hg
- NAAQS—ozone, particulates
- Waste Management Rules—ash
- Water Use Rules—cooling systems
- Tailoring and NSPS Rules—GHG
- State and local initiatives

➔ Major Capital Expenditures

# Renewable Power Standards: Intermittent Power, Difficult Targets



Renewables dampen baseload demand for gas, but spurs demand for infrastructure

➔ 33 GW generation, 5 Bcf/d pipeline, up to \$15 B capital

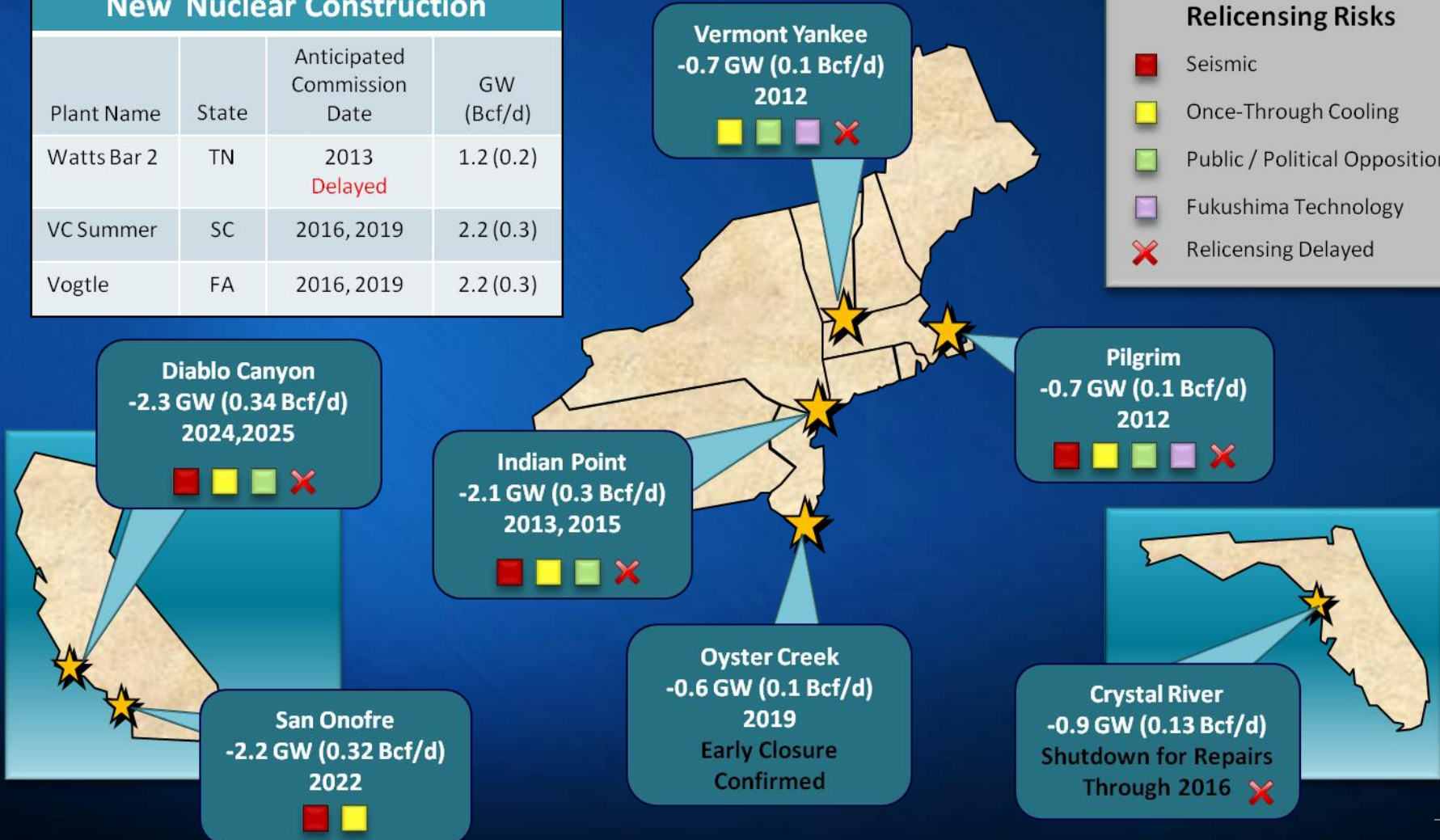
# Multiple Strikes Against Aging Nuclear Plants Delay License Renewals

## New Nuclear Construction

Plant Name	State	Anticipated Commission Date	GW (Bcf/d)
Watts Bar 2	TN	2013 <i>Delayed</i>	1.2 (0.2)
VC Summer	SC	2016, 2019	2.2 (0.3)
Vogtle	GA	2016, 2019	2.2 (0.3)

## Relicensing Risks

- Seismic
- Once-Through Cooling
- Public / Political Opposition
- Fukushima Technology
- ✗ Relicensing Delayed



# Natural Gas: The Preferred Generation Fuel

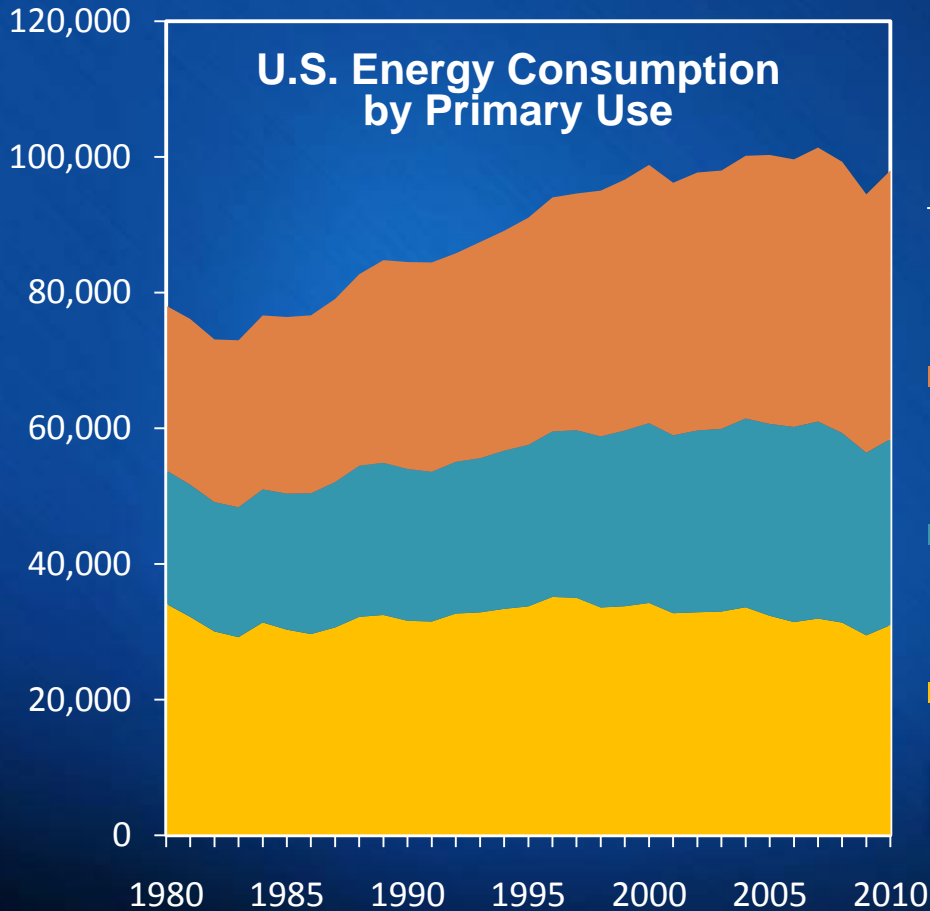
Resource Impact	Gas	Coal	Nuclear	Solar	Wind	Oil
Fuel Cost	—	+	+	+	+	—
Capital	+	—	—	—	—	+
Land	+	—	—	—	—	—
Air	+	—	+	+	+	—
Water	+	—	—	+	+	+
Operations	+	—	—	—	—	+
Time	+	—	—	+/-	+/-	+
Policy	?	—	—	+	+	—

# The Challenges



# Recession Temporarily Stalls Energy Growth

In Trillion Btus



	CAGR		
	1990–2000	2000–2010	1990–2010
<b>Total</b>	1.6%	(0.1)%	0.7%
<b>Electric Power</b>	2.2%	0.4%	1.3%
<b>Transportation</b>	1.7%	0.3%	1.0%
<b>Other</b>	0.8%	( 1.0)%	( 0.1)%
<b>GDP Growth Rate</b>	<b>3.4%</b>	<b>1.6%</b>	<b>2.5%</b>

# Public Perception

## ENVIRONMENT



Air

Water

Surface

Habitat

## COMMUNITY



Jobs

Consultation

Education

Transparency

## SHAREHOLDERS



Safety

Returns

Reputation

Sustainability

# Regulatory Affairs Then

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- Federal Power Commission
- BLM (as a landowner)
- The only law regulating our construction and operations was the Natural Gas Act

# Regulatory Affairs Now

- Federal Energy Regulatory Commission
- BLM
- U.S. Army Corps of Engineers
- U.S. Fish and Wildlife Service
- Advisory Council on Historic Preservation
- State Historic Preservation Officers (four separate state offices)
- Department of State Lands (Oregon)
- State Lands and Forestry (Utah)
- State Lands (both Wyoming and Nevada)
- Department of Environmental Quality (Wyoming, Utah, Oregon, and Nevada)
- Wyoming Department of Game and Fish
- Utah Department of Natural Resources
- Nevada Department of Wildlife
- Oregon Department of Fish and Wildlife
- Nine counties in four different states
- Brigham City Council
- Laws providing regulation now: Natural Gas Act, National Environmental Policy Act, Clean Air Act, Clean Water Act, Mineral Leasing Act, Federal Land Management Policy Act, National Historic Preservation Act, Native American Graves Protection and Repatriation Act, Endangered Species Act, Migratory Bird Treaty Act, RCRA

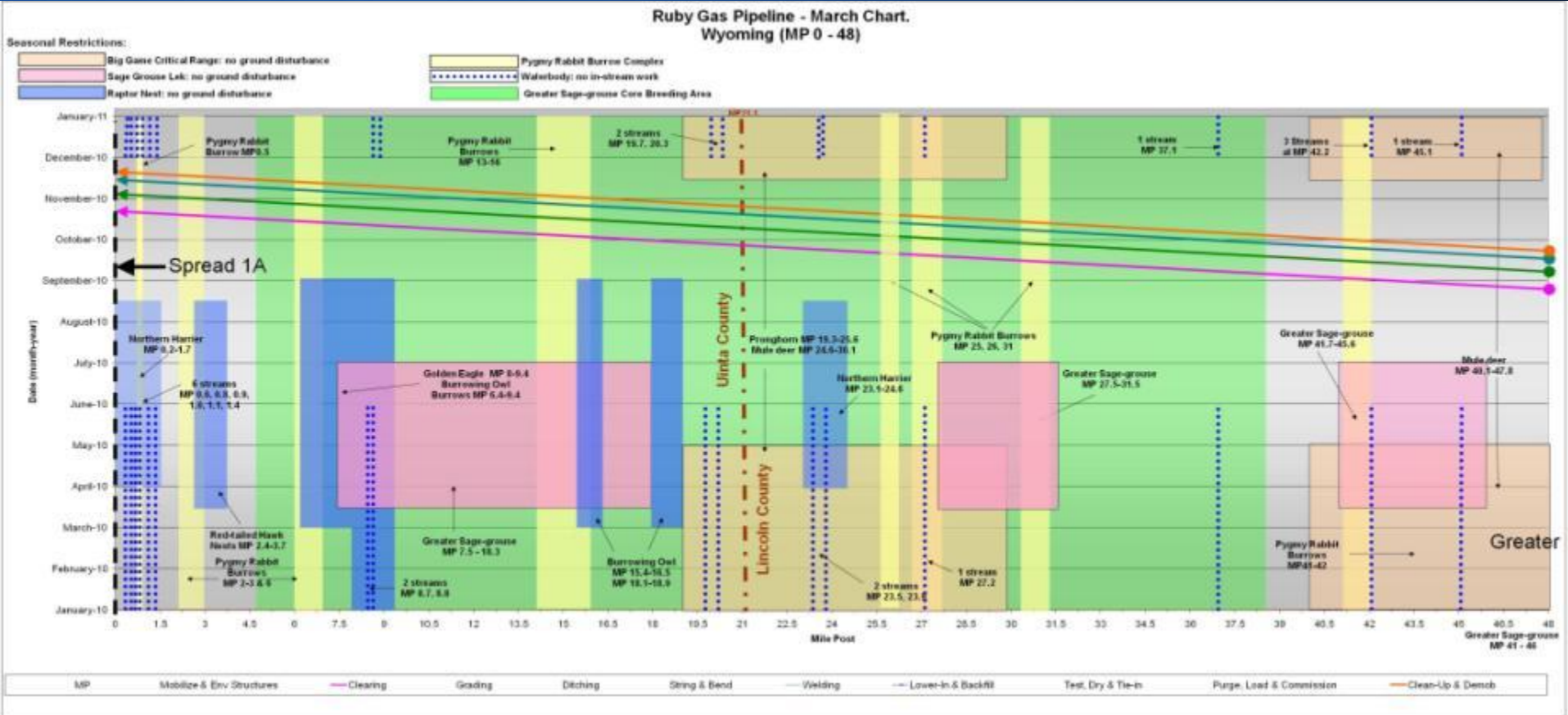
# NGOs Then



# NGOs Now

- Sierra Club
- Western Watersheds Project
- Oregon Natural Desert Association
- Oregon Wild
- Klamath –Siskiyou Wild
- Cascades Wild
- Southern Utah Wilderness Alliance
- Friends of Nevada Wilderness
- Audubon Society
- The Nature Conservancy (Utah)
- Center for Biological Diversity
- Great Basin Resource Watch
- Wyoming Outdoor Council
- Coalition for Nevada Wildlife
- Tribal involvement:  
Klamath Tribe, Summit Lake  
Paiute Tribe, Fort Bidwell

# Planning a Pipeline



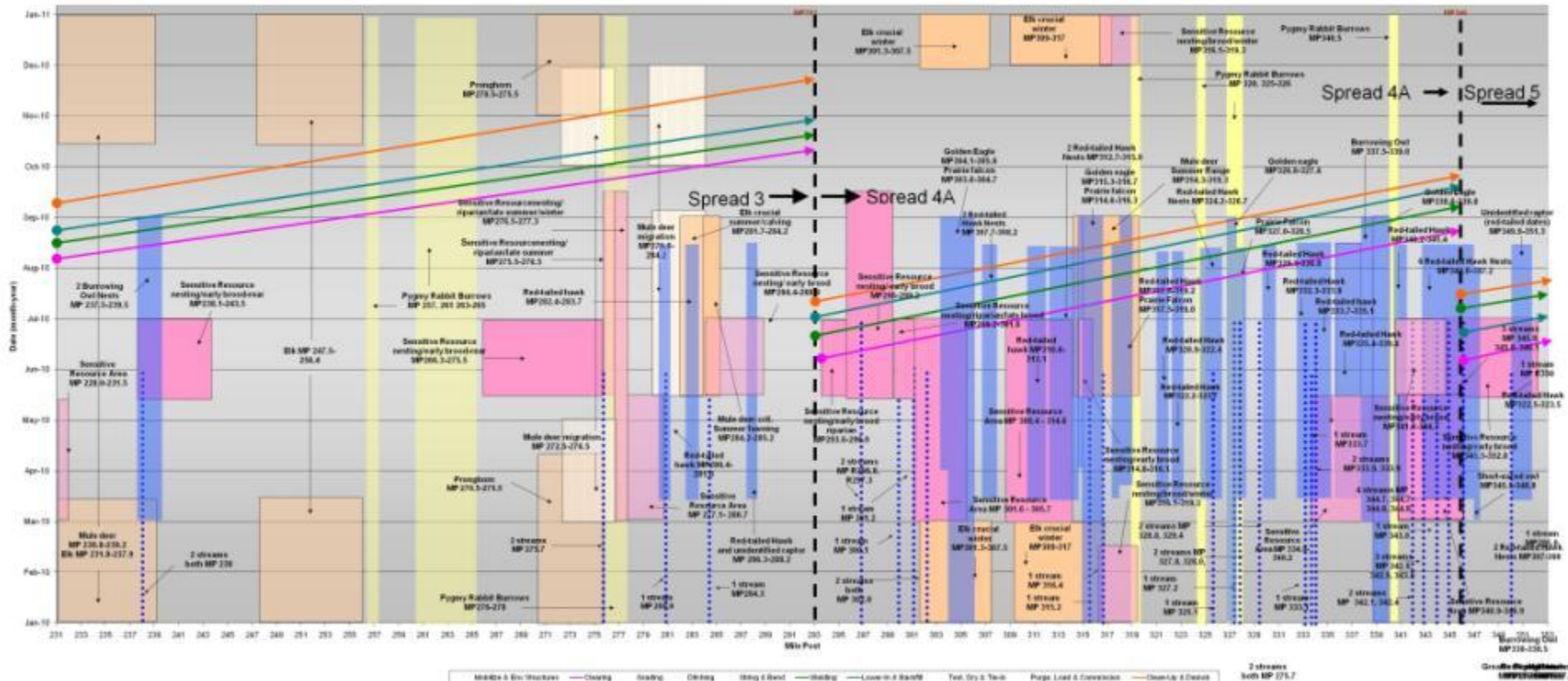
# Planning a Pipeline

## Seasonal Restrictions:

- Big Game Critical Range; no ground disturbance
- Sensitive Resource Area; no ground disturbance
- Riparian Wet; no ground disturbance

- Big Game Migration Restrictions
- Pigmy rabbit burrow complex
- Waterbody; no in-stream work

## Ruby Gas Pipeline - March Chart. Nevada part 1 (MP 231 - 353) All in Elko County



2 streams both MP 238  
 1 stream MP 235.2  
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## A Call to Action

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*Passion  
Perspective  
People*



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