Overview of McElmo Dome Development Plans

Montezuma Co BOCC

10/27/2014
Kinder Morgan Asset Map

- 3rd largest energy company in North America with combined enterprise value of approximately $110 billion (a)
- Largest natural gas network in North America
  - Own an interest in / operate ~68,000 miles of natural gas pipeline
  - Connected to every important U.S. natural gas resource play, including: Eagle Ford, Marcellus, Utica, Uinta, Haynesville, Fayetteville and Barnett
- Largest independent transporter of petroleum products in North America
  - Transport ~2.3 MMBbl/d (b)
- Largest transporter of CO₂ in North America
  - Transport ~1.3 Bcf/d of CO₂ (b)
- Largest independent terminal operator in North America
  - Own an interest in or operate ~180 liquids / dry bulk terminals
  - ~125 MMBbls domestic liquids capacity
  - Handle ~103 MMtons of dry bulk products (b)
- Only Oilsands pipe serving West Coast
  - Transports ~300 MMBbl/d to Vancouver / Washington State; proposed expansion takes capacity to 890 MMBbl/d

(a) Combined enterprise value of KMI, KMP & EPB; see footnotes on slide 3 for further information.
(b) 2014 budgeted volumes.
Kinder Morgan CO₂

- Leading transporter and marketer of CO₂ in North America.
- Deliver approximately 1.3 billion cubic feet per day of CO₂ through about 1,300 miles of pipelines.
- One of the largest oil producers in Texas, producing over 55,000 barrels of oil per day at the SACROC, Yates, Katz, and GLSAU fields in the Permian Basin.
- Own significant interests in and operate CO₂ source fields, natural gas and gasoline processing plants, and crude oil pipelines.
- Transport CO₂ via pipeline from SW Colorado to west Texas where it is injected into oil producing fields.
CO₂ Source & Transportation
Growing Business Opportunities

Permian Basin
- 2013 supplies were at capacity, customers were being pro-rated at times
- Permian Basin demand is growing via new projects, extensions of existing projects, and ROZ projects
- Increased opportunities in the Permian Residual Oil Zone (ROZ)

Domestic EOR
- CO₂ Industry EOR activity is increasing
- Naturally occurring sources are being expanded to ultimate capacity
- Several regions have potential
  - Gulf Coast, California, Mid-continent, Canada
- Emerging anthropogenic source momentum

Sources: KM estimates, Oil and Gas Journal, EIA, XOM, Dakota Gasification, DRI
SW Colorado CO$_2$ Production

Largest CO$_2$ producer in the US supplying ~75% of CO$_2$ used for EOR in the Permian Basin

SW Colorado CO$_2$ Source Fields

– McElmo Dome
  • Production – 1.1 BCFD
  • 203,000 acre unit in SW Colorado
  • In production since 1983
  • Largest natural CO2 source in the world
    - 15 TCF of Recoverable CO$_2$
  • Five CO$_2$ Central Facilities w/ 114,200 HP Compression

– Doe Canyon
  • Production – 200 MMCFD
  • 53,000 acre unit in SW Colorado
  • In production since 2008
  • 2 TCF of Recoverable CO$_2$
  • One CO$_2$ Central Facility w/ 28,900 HP Compression
KMCO$_2$ has a significant economic impact in Southwest Colorado, paying in 2013:

- $77.3 million in royalties to the Federal government
- $1.0 million in royalties to the State government
- $26.7 million in royalties to individual mineral owners
- $20 million to Montezuma, La Plata and Dolores County taxing bodies
  - Approximately 45% of Montezuma County and 53% of Dolores County tax revenue
- $44.4 million annual operating budget
  - Direct payroll of $7.3 million
  - ~$27 million to the local electrical cooperative (>50% of total load)

Additional development projects are expected to create the following stimulus to the local economy:

- $1.1 billion spend over the life of the project.
- Peak construction and drilling operations will include over 400 jobs (skilled craftsmen & trained laborers).
- KMCO$_2$ will hire 13 new fulltime employees.
- Over $10 million infusion to local hotels, restaurants and RV Parks.
- Over $20 million to local retailers and suppliers.
- Up to $50 million increase in annual operating budget directly affecting local communities, 80% will be for electric power supply.
McElmo Dome Development
McElmo Dome CO₂ Development Areas

- Cow Canyon
- Hovenweep
- YellowJacket
- Goodman Point
- Moqui
- Sand Canyon
McElmo Dome Field Expansion
Yellow Jacket Area – Booster Compression Project

- Target Rate of 1.2 Bcf/d
  - Yellow Jacket first step in adding field compression
  - Adds 1.7 TCF reserves

- Successful YJ Project Startup 9/2014

- YJ Project Costs $214 MM
  - Compression $141 MM
  - Facilities $68 MM
  - Engineering $5 MM

- Next Phases for Other Plants In Planning
McElmo Dome – Yellow Jacket
Compression Expansion Project – Pictures
McElmo Dome Field Expansion
Cow Canyon Development

- Additional 200 MMCFD Opportunity
  - 1.3 TCF reserves potential
  - Known area from past drilling

- Pre-Development Phase Complete
  - 2 appraisal wells, 3D seismic
  - Facilities construction underway

- Targeting mid-2015 1st Production

- Project Costs $344 MM
  - Pre-development investment
  - 14 development wells
  - Compression & gathering facilities
Cow Canyon Development

3D Seismic Results
Cow Canyon Well Locations

- Planned Wells (11)
- Drilled Wells (5)
- Past Wells (4)
- Central Facility
Cow Canyon Project – McElmo Dome
Compression Facility Plot Plan
Cow Canyon Project – McElmo Dome
Compression Facility – view from Lowry Pueblo (current)
Cow Canyon Project – McElmo Dome
Compression Facility – view from Lowry Pueblo with mitigation
McElmo Dome – Cow Canyon
Gathering System – Project Overview

Flow Lines (10”)
- Quantity: 15
- Length: 110,000 ft (20.89 mi.)

Cluster Discharge Line (16”)
- 1 per cluster (3 total)
- Length: 53,000 ft (10.03 mi.)

Cluster Water Disposal Lines (4”)
- 1 per cluster (3 total)
- Length: 53,000 ft (10.03 mi.)

Plant Discharge Line (12”)
- Quantity: 1
- Length: 750 ft

Plant Water Disposal Line (6”)
- Quantity: 1
- Length: 29,000 ft (5.5 mi.)
Cow Canyon
Facilities Construction Schedule

| Task               | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|--------------------|-----|-----|-----|-----|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Central Facility   |     |     |     |     |     |      |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Cluster 1          |     |     |     |     |     |      |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Cluster 2          |     |     |     |     |     |      |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Cluster 3          |     |     |     |     |     |      |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Cluster 4          |     |     |     |     |     |      |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| Gathering System   |     |     |     |     |     |      |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |

1st Recip Online

2nd Recip Online
Southern McElmo Dome Development Planning

<table>
<thead>
<tr>
<th>Facility (Rates in MMCFD)</th>
<th>Nameplate (Appx.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sand Canyon</td>
<td>105</td>
</tr>
<tr>
<td>Goodman Point</td>
<td>230</td>
</tr>
<tr>
<td>Moqui</td>
<td>105</td>
</tr>
<tr>
<td>Total</td>
<td><strong>440</strong></td>
</tr>
</tbody>
</table>

Scope
1. 2014 Drilling, Workovers & Seismic
2. Infrastructure Development
   - GA Cluster
   - Booster Compression
3. Future Development Evaluations
Goodman Point 3D- Seismic

Proposed Winter 2014/15 Project
47 Sq. Miles
Objective: complex faulted area
Evaluate future drilling potential
Meeting Future Power Needs
Electrical Supply Update

Evaluating options for long term electrical power needs
• TriState/Empire or Self Generate
Cortez Pipeline Expansion Project
Expansion enables significant growth in CO$_2$ supply to the Permian

- Increases current capacity from 1.3 Bcf to nearly 2.0 Bcf
- $327$MM (100%) planned investment
- 64 mi loop, 50,000 additional horsepower
Additional CO₂ Development Underway
As we meet Permian need, focus shifts to new sources and new markets

- New source fields being evaluated across the region
- CO₂ Recapture projects identified or under development with initial recapture of 48MMcfd of CO₂ off amine units
- New CO₂ markets under development will expand customer base and provide more optionality to KM CO₂ supply portfolio
Kinder Morgan in the Community
Since January 2011, the Kinder Morgan Foundation has donated over **$77,000 to recipients in Dolores, La Plata and Montezuma Counties:**

- Dolores County Schools Technology Plan: $10,000
- CSU, Dove Creek Extension: $1,500
- Durango Independent Film Festival: $1,000
- Music in the Mountains: $5,000
- San Juan Board of Cooperative Edu. Services: $5,000
- Durango Nature Studies, Children Discovering Nature Program: $3,000
- Escalante Middle School Targeted Literacy Intervention Program: $3,146
- Still Water Foundation, Music Program: $1,000
- Mountain Middle School, Science Curriculum: $1,000
- San Juan Basin Regional Science Fair: $2,500
- Durango Nature Studies, Nature in the Classroom

The Kinder Morgan Foundation funds programs that promote the academic and artistic interests of young people in the many cities and towns across North America where Kinder Morgan operates.

The Durango Arts Center recognizes a recent $2,500 donation from the Kinder Morgan Foundation.

Program: $2,500
- Durango Arts Center, Youth Summer Arts Camp Program: $2,500
- Crow Canyon Archaeological Center: $9,000
- Dolores Rotary Club, Dictionary Project: $12,030
- Dolores Elementary Summer School Program: $10,050
- Manaugh Elementary School, Technology upgrades: $2,500
- Montezuma-Cortez High School, Computer Lab: $5,000

www.kindermorgan.com/community
Overview of McElmo Dome Development Plans

Montezuma Co BOCC

10/27/2014