

GAS STORAGE FINANCE & INVESTMENT

OCTOBER 11-13, 2006 • HOUSTON, TX

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October 12, 2006: The Summit

7:00 – 8:00 Registration and Networking Breakfast sponsored by:



8:00 – 8:15 Welcome by the Summit Chairman
Erik J. A. Swenson, *Partner*, KING & SPALDING LLP

8:15 – 8:45 *Keynote Address:*
Dr. Larry W. Bickle, *Executive in Residence*, HADDINGTON VENTURES L.L.C.

OPPORTUNITIES IN THE EMERGING NATURAL GAS STORAGE MARKET

The Summit will kick off with an overview of the evolution of the gas storage market and an assessment of where the market is headed:

- What has been the evolution of the gas storage market?
- What are the drivers pushing gas storage development?
- What opportunities are opening up?
- Who are the major players in development and finance?
- What new storage facilities are on the drawing board?
- What are the number and types of deals that will likely get done in 2007?
- What are the main challenges that need to be overcome?

8:45 – 9:45 USER DEMAND FOR GAS STORAGE SERVICES

As the major users of gas storage, LDCs, pipelines, and gas marketers each bring a unique agenda and set of requirements to the market. With shortfalls of gas predicted for 2008 and beyond, these groups are entering the market to secure their needs. Representatives from these groups will discuss the demands they will put on the market and the type of services they will be seeking.

- Will gas price volatility and gas supply uncertainty reach tipping points for storage development?
- Are storage facilities better situated near hubs, upstream or downstream?
- Are midstream traders possible LNG offtakers?
- How will they use storage to manage take or pay risk?
- Will their approach be to own, operate, lease or have others do it for them?

Moderator:

Lisa M. Tonery, *Partner*, KING & SPALDING LLP

Panelists:

Thomas Bacon, *Director, Gas Supply Planning & Regulatory Affairs*,
DELMARVA POWER & LIGHT COMPANY

Chris Beggins, *Vice President Originations*, MERRILL LYNCH
COMMODITIES, INC.

Russ Kovin, *Vice President, Gas Storage*, ENTERPRISE PRODUCTS
PARTNERS

Pete Tumminello, *Vice President Corporate Business Development*, AGL
RESOURCES



9:45 – 10:15 *Morning Refreshment and Networking Break*

10:15 – 11:15 **USER PERSPECTIVES ON GAS STORAGE CONTRACTING**

This panel of gas storage users—LDCs, pipelines, and gas marketers— will discuss their perspectives of the evolving markets for gas storage contracting and the type of deals they are seeking in the market.

- What type of storage contracts are sellers offering in the market?
- What criteria do they use in selecting a storage provider?
- How have terms for storage service contracts changed over the years?
- What terms are most critical to buyers?

Moderator:

Kenneth S. Culotta, *Partner*, KING & SPALDING LLP

Panelists:

Soli Forouzan, *CFA, President*, MIND SPAN, INC.

Dennis Gee, *Manager - Gas Supply and Asset Management*, PACIFIC GAS & ELECTRIC COMPANY

Mark McKee, *Vice President Trading*, ENERGY TRANSFER

Steve Muscato, *Vice President of Natural Gas Trading*, TXU PORTFOLIO MANAGEMENT

11:15 – 12:15 **DEVELOPERS' STRATEGIES FOR STORAGE DEVELOPMENT**

Independent and affiliated developers are busy drawing up plans for new gas storage facilities to meet the needs of LDCs, pipelines, and gas marketers. During this panel, they will discuss the strategies they are pursuing to meet these needs:

- What are developers' strategies for gas storage development?
- What role do they want in the development of these projects?
- What kinds of cycling and draw rates are they looking for?
- What are their technology and equipment strategies?
- How do pipelines interconnections affect their siting decision?

Moderator:

George (Ned) E. Crady, *Partner*, KING & SPALDING LLP

Panelists:

Ronald L. Brown, *Vice President, Storage Management & Systems Design*,
KINDER MORGAN, INC.

John Hopper, *President*, FALCON GAS STORAGE COMPANY

Mark Roberge, *Director of Development*, SEMPRA PIPELINES &
STORAGE

Hugh Urbantke, *Chief Financial Officer*, FREEPORT LNG
DEVELOPMENT, L.P.



12:15 – 1:45 *Group Luncheon Sponsored By:*

1:45 – 2:45 DEVELOPERS' PERSPECTIVES ON GAS STORAGE PROJECT
FINANCING

This panel of independent and affiliated gas storage developers will discuss the state of the gas storage finance and investment market from their perspective. They will identify their needs and the characteristics of optimum working relationships with investors, lenders, joint owners, users, and contractors. They will address questions such as:

- What are the major financing challenges?
- What are the current financing trends in the market?
- Do they expect to finance their projects on a project finance basis?
- What type of joint ownership arrangements do they seek?
- What are the primary risks of their projects and how do they mitigate such risks?
- How can investors become involved in their deals?
- How can the lending community facilitate their projects?

Moderator:

Daniel R. Rogers, *Partner*, KING & SPALDING LLP

Panelists:

Jesse Arriaga, *Vice President*, MULTIFUELS, L.P.

Andy Franks, *Managing Director*, E3 CONSULTING, LLC

John Holcomb, *Director of Marketing and Business Development*, FALCON
GAS STORAGE COMPANY

Gregory H. Welch, *President & Chief Operating Officer*, BAY GAS
STORAGE COMPANY



2:45 – 3:15 *Afternoon Refreshment and Networking Break Sponsored By:*

3:15 – 4:15 EQUITY INVESTORS' OUTLOOK ON THE GAS STORAGE MARKET

Private equity and hedge funds have begun to play an increasing role in the financing of gas storage deals. This panel of investors will discuss their investment requirements and expectations in the gas storage market, and comment on the criteria they use when making investment decisions for these projects.

- What project characteristics are equity investors seeking when making an investment?
- What returns do equity investors typically require?
- How does an equity investor determine the level or amount of investment for the sponsors of the project?
- For what type of management teams are equity investors looking?
- What is the investor's investment horizon?
- What is the appropriate stage for an investment?
- What are the most difficult negotiation points?
- How quickly can a transaction close?

Moderator:

George (Ned) E. Crady, *Partner*, KING & SPALDING LLP

Panelists:

Chris Jones, *Managing Director*, HADDINGTON VENTURES, LLC

Jim Spann, *Chief Investment Officer*, ENERGY SPECTRUM CAPITAL

Tommy Soriero Jr., *President*, PINTO ENERGY PARTNERS, L.P.

Qaisar M. Zaman, *Director, Asset Based Investments*, ARCAPITA LIMITED

4:15 – 5:15 LENDERS' PERSPECTIVE ON THE MARKET FOR DEBT FINANCING

This panel of lenders will provide their perspectives on the current market for gas storage project debt. They will provide the most up-to-date information on the current sources, terms, and structures for debt financing. They will also discuss the prospects for lenders entering the market.

- What deals have received financing?
- What type of leverage is available?

- What do the debt structures look like?
- Is sub-debt available?
- How do the covenants compare with other types of energy deals?
- What should sponsors understand before they discuss financing options?
- What have been the most contentious issues?
- How does technology risk affect lending decisions?

Moderator:

Daniel R. Rogers, *Partner*, KING & SPALDING LLP


Panelists:

Scott Lamoreaux, *Vice President, Project and Structured Finance Group*, DZ BANK AG

Steve Newby, *Director – Head of Project Financing*, SUNTRUST ROBINSON HUMPHREY

Tim Ononiwu, *Vice President – Project and Structured Finance*, DEXIA CREDIT LOCAL

Chuck Zabriskie, *Head of Project Finance*, ROYAL BANK OF SCOTLAND

5:15 – 6:30 *The Summit Cocktail Reception Sponsored By:*  Haddlington Ventures, L.L.C.

October 13, 2006

8:00 – 9:30 CASE STUDIES AND LESSONS LEARNED IN GAS STORAGE FINANCINGS

Two gas storage financing case studies will be presented. The case studies will discuss the challenges the developers faced in developing a financeable project and the approaches to overcome them. They will address such questions as:

- What was the approach to raising capital in a capital constrained environment?
- How was the project structured to make it saleable to the financial community?
- How were the contractual arrangements designed to obtain financial buy-in?

Case Study #1: The Bobcat Natural Gas Storage Project

Tom Dill, *CEO*, BOBCAT STORAGE LLC

Case Study #2: The Stagecoach Natural Gas Storage Project

John F. Thrash, *CEO*, ECORP LLC

9:30 – 10:00 *Morning Refreshment and Networking Break*

10:00 – 11:15 PERSPECTIVES ON GAS STORAGE A&D

In association with the push to build new gas storage facilities, there has been increased gas storage A&D activity. This session will look at the activity in the A&D market and its financial drivers and implications:

- What is driving the A&D market?
- What has driven valuations higher?
- How is the market pricing risks?
- How do purchasers envision financing future acquisitions?
- What does the A&D market tell us about financing new storage facilities?
- How are exit strategies being affected?

Moderator:

George (Ned) E. Crady, *Partner*, KING & SPALDING LLP

Panelists:

James P. Baker, *Director*, SIMMONS & COMPANY INTERNATIONAL

Matt Morrow, *President*, ENSTOR INC.

Yves Siegel, *Director, Equity Research*, WACHOVIA CAPITAL MARKETS,
LLC

Scott R. Smith, *Vice President*, BLACK & VEATCH
CORPORATION/LUKENS ENERGY GROUP

11:15 – 12:25 CROSS BORDER GAS STORAGE DEVELOPMENT AND FINANCING

This panel will discuss the opportunities in (and domestic ramifications from) the evolving gas storage market in Canada and Mexico. The panel will also explore the financing environment connected to these cross border opportunities.

- What has been the evolution of the gas storage markets in Canada and Mexico?
- What are the drivers pushing gas storage development in these countries?
- What opportunities are opening up?
- Who are the major players in development and finance?
- What new storage facilities are on the drawing board?
- What are the number and types of deals that will likely get done in 2007?
- What are the main challenges that need to be overcome?

Moderator:

Kenneth S. Culotta, *Partner*, KING & SPALDING LLP

Panelists:

Raul Monteforte, *Commissioner*, MEXICAN ENERGY REGULATORY
COMMISSION (CRE)

Michael Ward, *CEO*, TIDELANDS OIL & GAS CORPORATION

Additional panelists to be announced...

12:30

Summit Adjourns