

The Changing Structure of World Gas Markets: Natural Gas Trade and Its Benefits

The Geopolitics of Natural Gas

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Global Gas – International Marketing and
Business Development

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Agenda

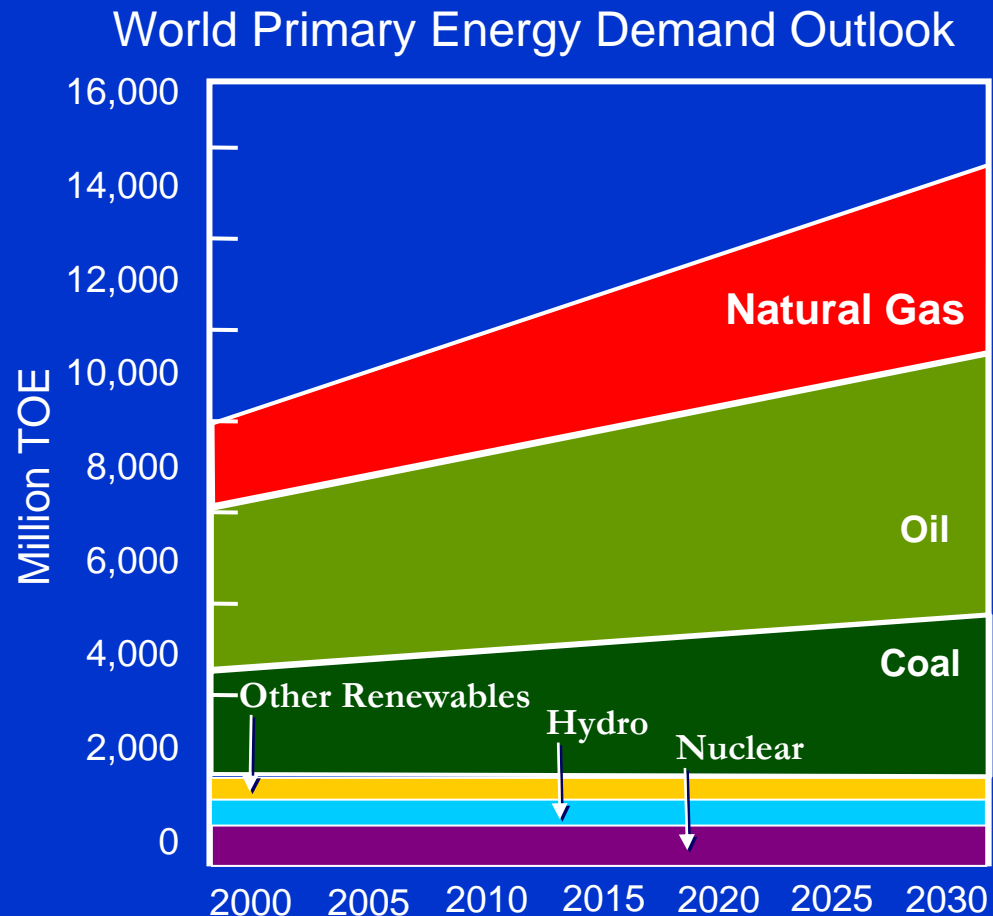


- Natural gas is the fastest growing energy source
- Growth opportunities exist for emerging markets
- Natural gas brings considerable benefits
- LNG technology can facilitate these benefits
- Responsible business development benefits all

Natural Gas: Fastest Growing Energy Source

- World energy demand will grow by more than half in the next 20 years
- Fossil fuels will continue to dominate
- Natural gas is expected to be the fastest growing primary energy source
- Gas to replace coal as the second largest energy supply source by 2025
- Key driver – Electricity

Source: EIA's World Energy Outlook 2004

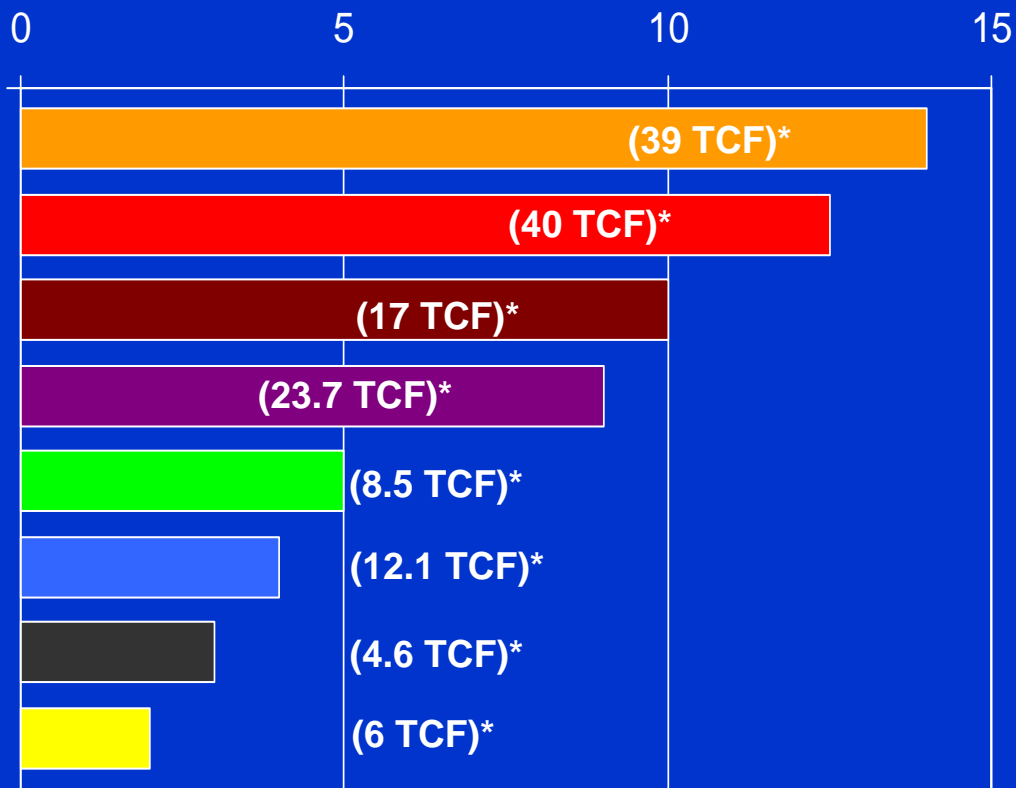


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Increase in Natural Gas Consumption 2001-2025

Increase in Consumption - Trillion Cubic Feet

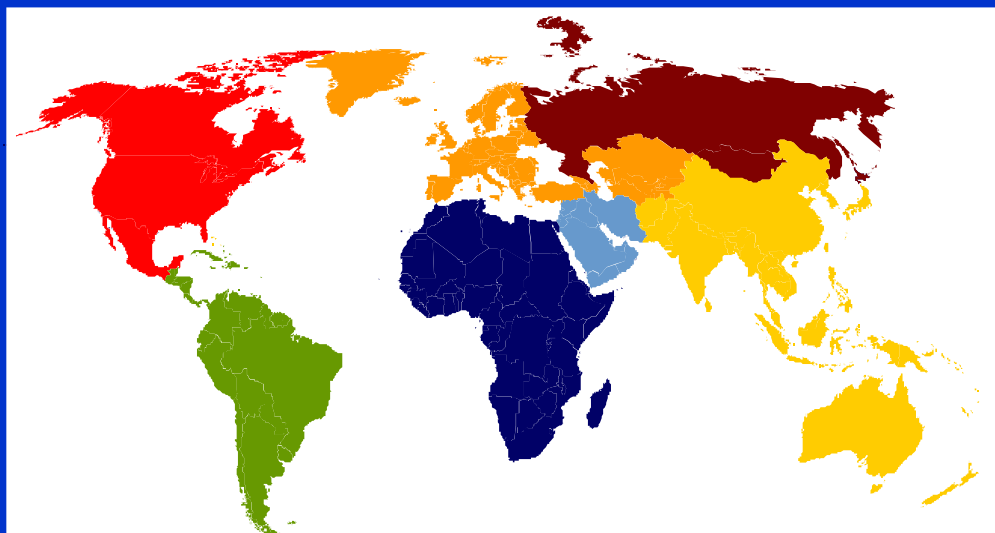


*2025 Total Consumption

Source: Energy Information Agency (EIA)

Greatest Demand Increases Are Not Always Where Gas Resources Are Located

Worldwide resources at end of 2002



South &
Central
America
4%



North
America
4%



Africa
7%



Asia
Pacific
8%



Europe
&
Eurasia
9%



Russia
30%



Middle
East
38%



Total Amount
5501.5 TCF

Natural Gas Brings Considerable Benefits

- Environmental
 - Reduction of flaring and greenhouse gas emissions
- Power generation efficiency
 - Combined cycle



Supply



Liquefaction



GTL



Shipping



Regasification



Pipelines



Marketing
& Trading



Power



Market

Industrial development

- Natural gas based industries (chemicals, fertilizers...)
- Improve regional cooperation
 - WAGP (Nigeria to Ghana)

LNG Technology Enhances these Benefits

- Commercializes large gas resource with little or no local demand and allows access to previously “stranded” resources
- Represents great opportunity for developing countries i.e. employment, economic growth
- Can be transported over long distances
- Easily stored for use during demand peaks
- Basis for natural gas infrastructure development



With Development Comes Corporate Responsibility



- Importance of public/private partnerships
- Integration of social, health, environment and economic considerations into decision making and core practices
- Community engagement and development (NGOs)
- Ethics and transparency
- Responsible development is a priority for ChevronTexaco