



# Annual Shipper Meeting

**October 18, 2018**

Lake Charles, Louisiana

*WELCOME*

# CUSTOMER SERVICE

## OUR VISION

*Kinetica is a solution driven small company implementing our mission of attracting supply while maintaining our high standards of safety, service, simplicity, and stability.*



# Agenda

- ❖ *Introduction of Kinetica Team – Kurt Cheramie*
- ❖ *Year in Review – Robin Mann*
- ❖ *Industry Trends – Robin Mann*
- ❖ *Commercial Statistics – Rae Donaldson*
- ❖ *Kinetica Value Chain – Patrick Bourg*
- ❖ *BREAK*
- ❖ *Operational and LNG Updates – Kurt Cheramie*
- ❖ *FERC Update – Bill Prentice*
- ❖ *NGL Bank – Bill Prentice*
- ❖ *Q & A*
- ❖ *Ongoing Activities – Tonight and Friday – Robin Mann*

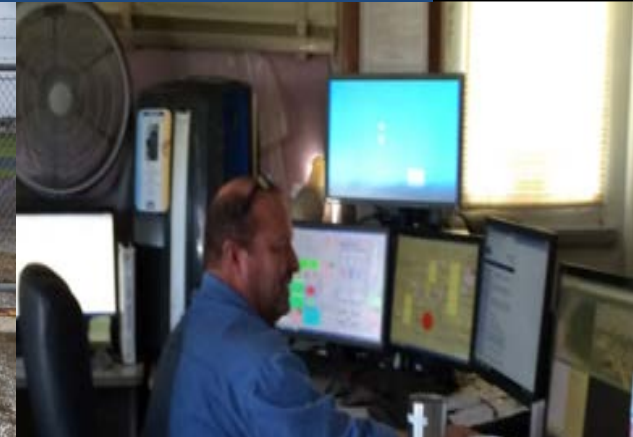
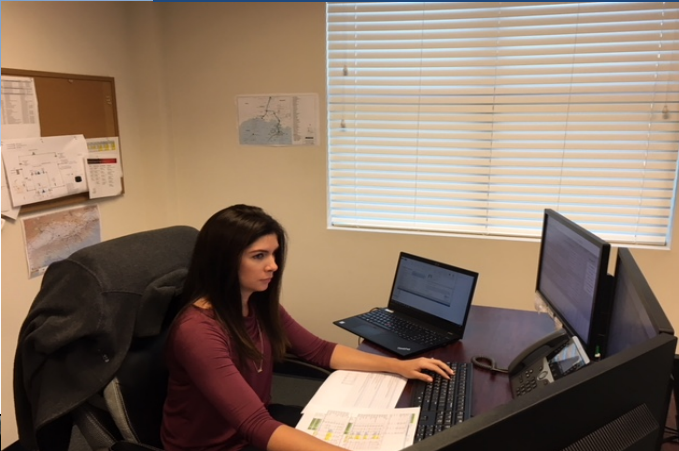


# *Team Kinetica*





# Introduction of Kinetica Team





# Kinetica Leadership

**Rae  
Donaldson**

**Senior Vice  
President**

**36 Years in  
Industry**

**Kurt  
Cheramie**

**Senior Vice  
President**

**38 Years in  
Industry**

**Bill  
Prentice**

**General  
Counsel**

**30 Years in  
Industry**

**Katherine  
Ko**

**CFO,  
Controller**

**27 Years in  
Industry**

**Robin  
Mann**

**Vice  
President**

**21 Years in  
Industry**

**Patrick  
Bourg**

**Sr. Director  
Operations**

**20 Years in  
Industry**

# Kinetica Team Members

Team Member	Position
<i>Rick Sacco</i>	<i>Director, Engineering &amp; Operations Support</i>
<i>Chris Cantrelle</i>	<i>Director, Abandonment &amp; Construction</i>
<i>Kevin Bush</i>	<i>Director, Information Technology</i>
<i>Colette LeBlanc</i>	<i>Director, Accounting</i>
<i>Mark Sellers</i>	<i>Manager, Measurement &amp; Gator Engineer</i>
<i>Lynn Nguyen</i>	<i>Manager, Customer Service, Marketing &amp; Scheduling</i>
<i>Sally Bergeron</i>	<i>Manager, Facilities Administration, Budgets &amp; Procurement</i>
<i>Deirdre Fontenot</i>	<i>Manager, Environmental, Liquids and Vendor Contracts</i>
<i>Luke Harrington</i>	<i>Manager - Facilities</i>
<i>Jarus LeBlanc</i>	<i>Pipeline and Measurement Coordinator</i>
<i>Cheryl Galindo</i>	<i>Scheduler</i>
<i>Eliot Levin</i>	<i>Scheduler</i>

# *YEAR IN REVIEW*



# *Year in Review*

- ✦ *Enhanced Kinetica Pigging Plan*
  - ✦ *Regular pre-defined pigging schedule*
  - ✦ *Continuous refinement throughout Kinetica ownership*
  - ✦ *Recovered 327,035 barrels of condensate in 2018*
- ✦ *Pigged lines on the South Pass system for the first time as Kinetica*
- ✦ *Conducted multiple tank inspections*

# *Year in Review*

## *New Supply*

-  *Arena – SP 83A*
-  *Byron/Otto Energy – SMI 71*
-  *Energy XXI – ST21D*
-  *Fieldwood – EI 346*
-  *Renaissance – SS 198*

 *Increased meter capacity at Shell GB 426 by 30,000 Mcf/day*

 *Safety Record – No injuries since inception*



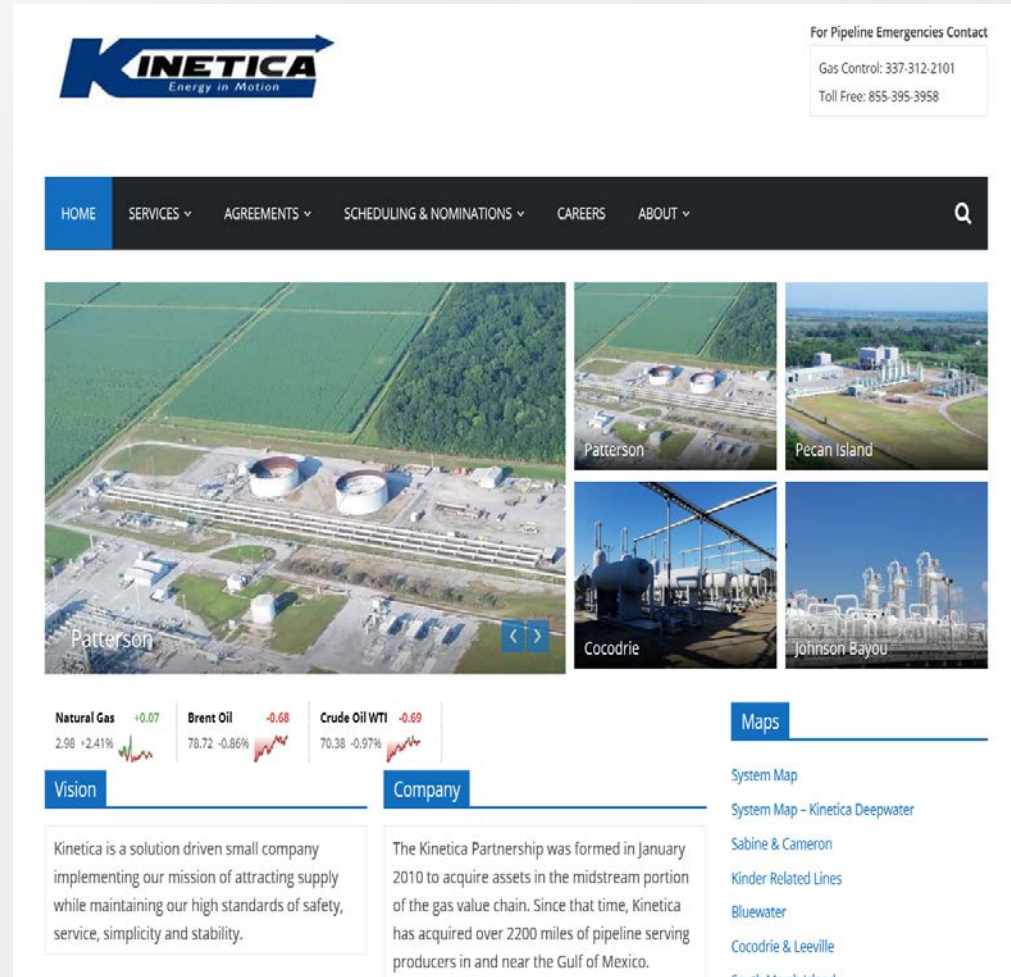
# New Kinetica Website

✦ Improved website security  
<https://www.kineticallc.com>

✦ Improved Site Navigation

✦ Dynamic menu for quicker access to important links

✦ Provide updated links and system maps





# Aviation Department

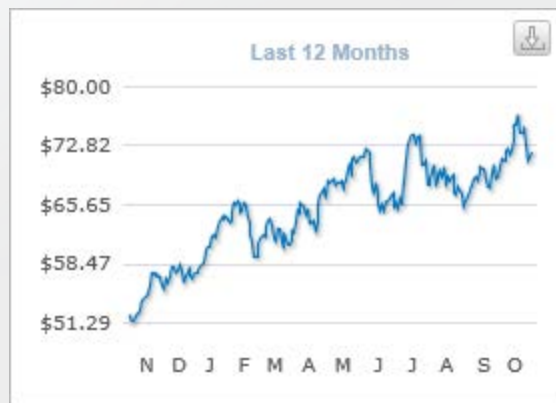


- ✦ 4 Augusta Westland – AW119 Koala
- ✦ 3 Hangars
- ✦ Patterson hangar is main maintenance hub

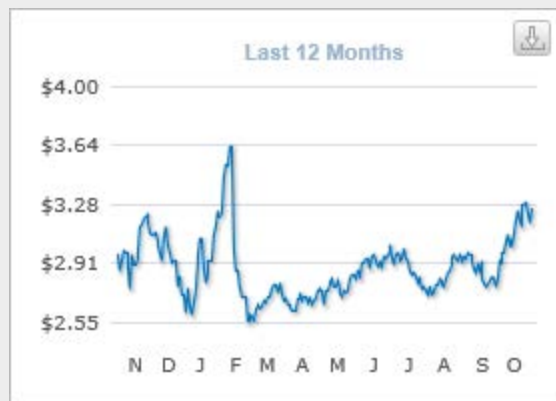
# *INDUSTRY TRENDS*

# Oil and Gas Price Trends

## Light Crude Oil



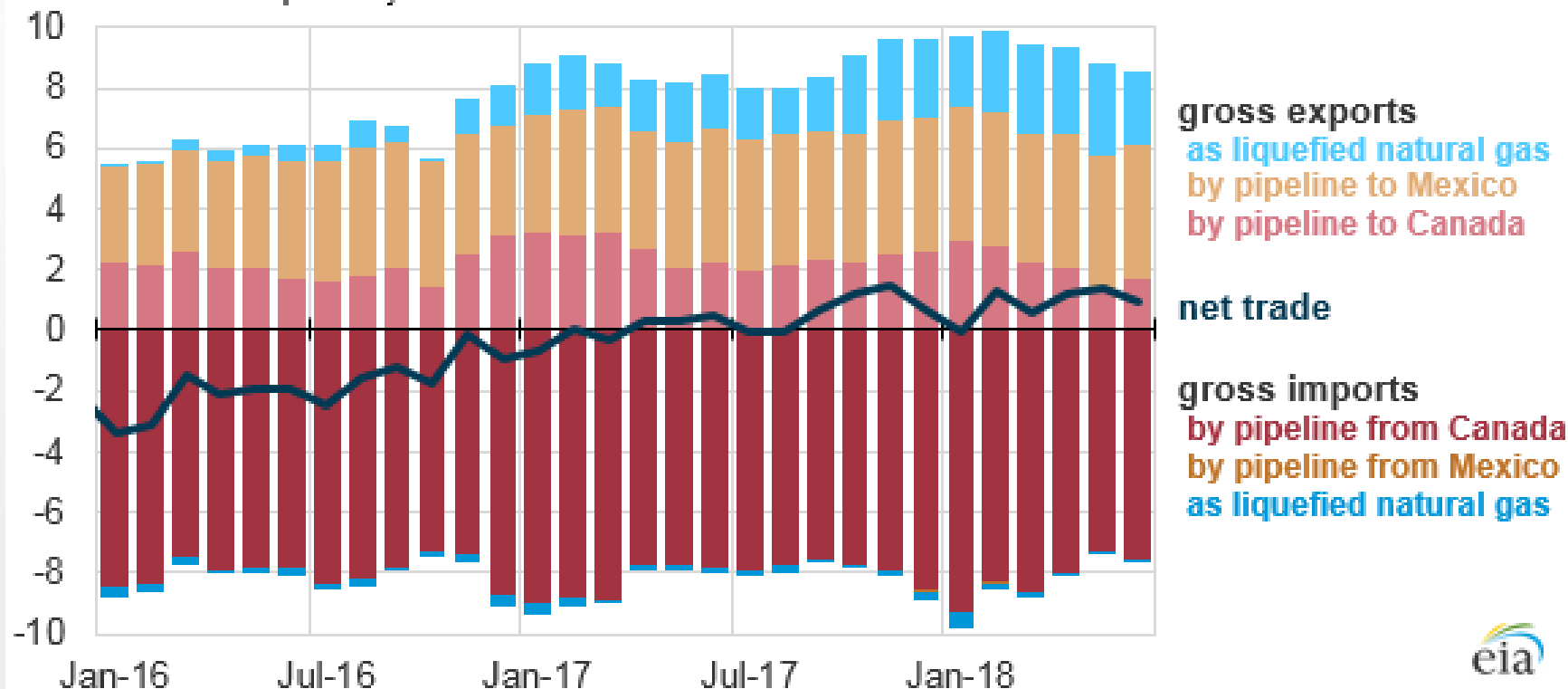
## Natural Gas



# Natural Gas Import/Export Trend

## Monthly U.S. natural gas imports and exports (Jan 2016-Jun 2018)

billion cubic feet per day

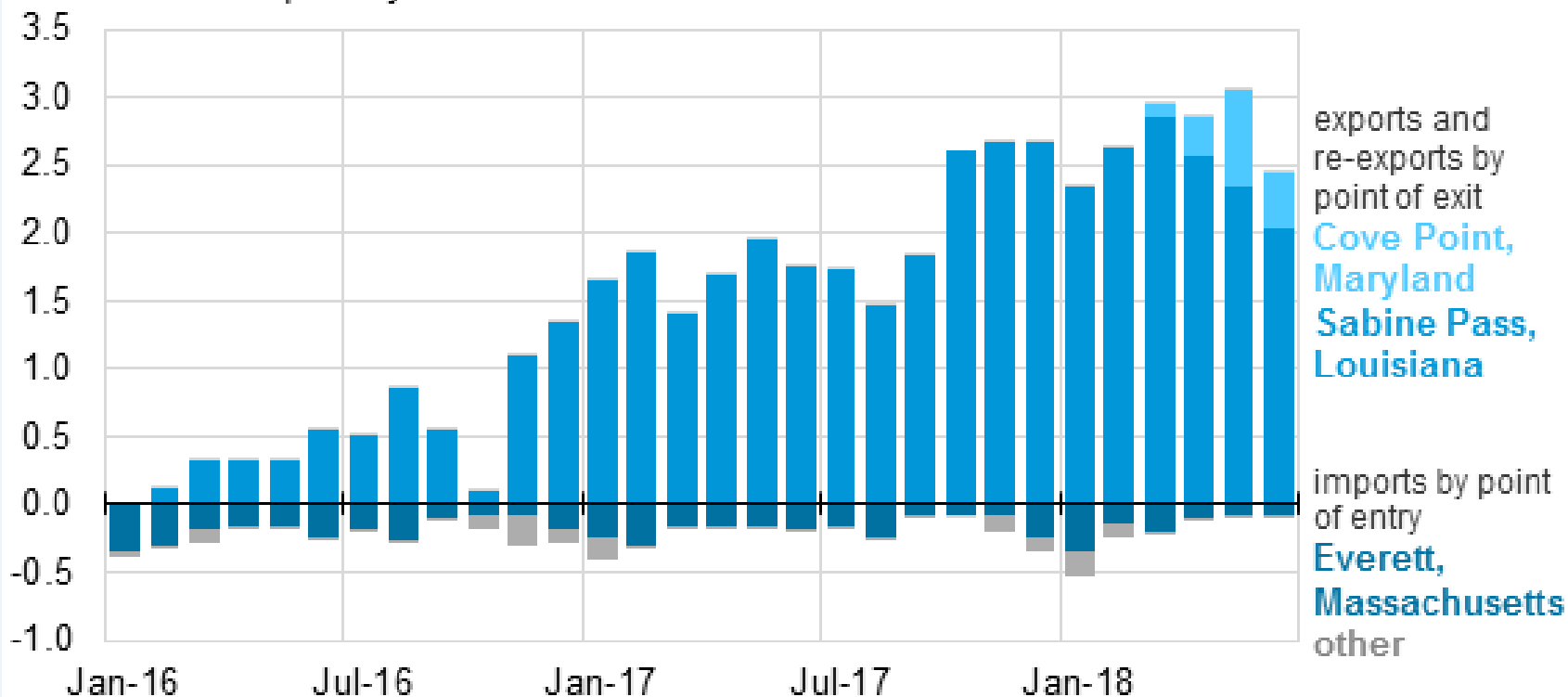


U.S. net natural gas exports in first half of 2018 were more than double the 2017 average.

# US LNG Trade

Monthly U.S. liquefied natural gas trade (Jan 2016-Jun 2018)

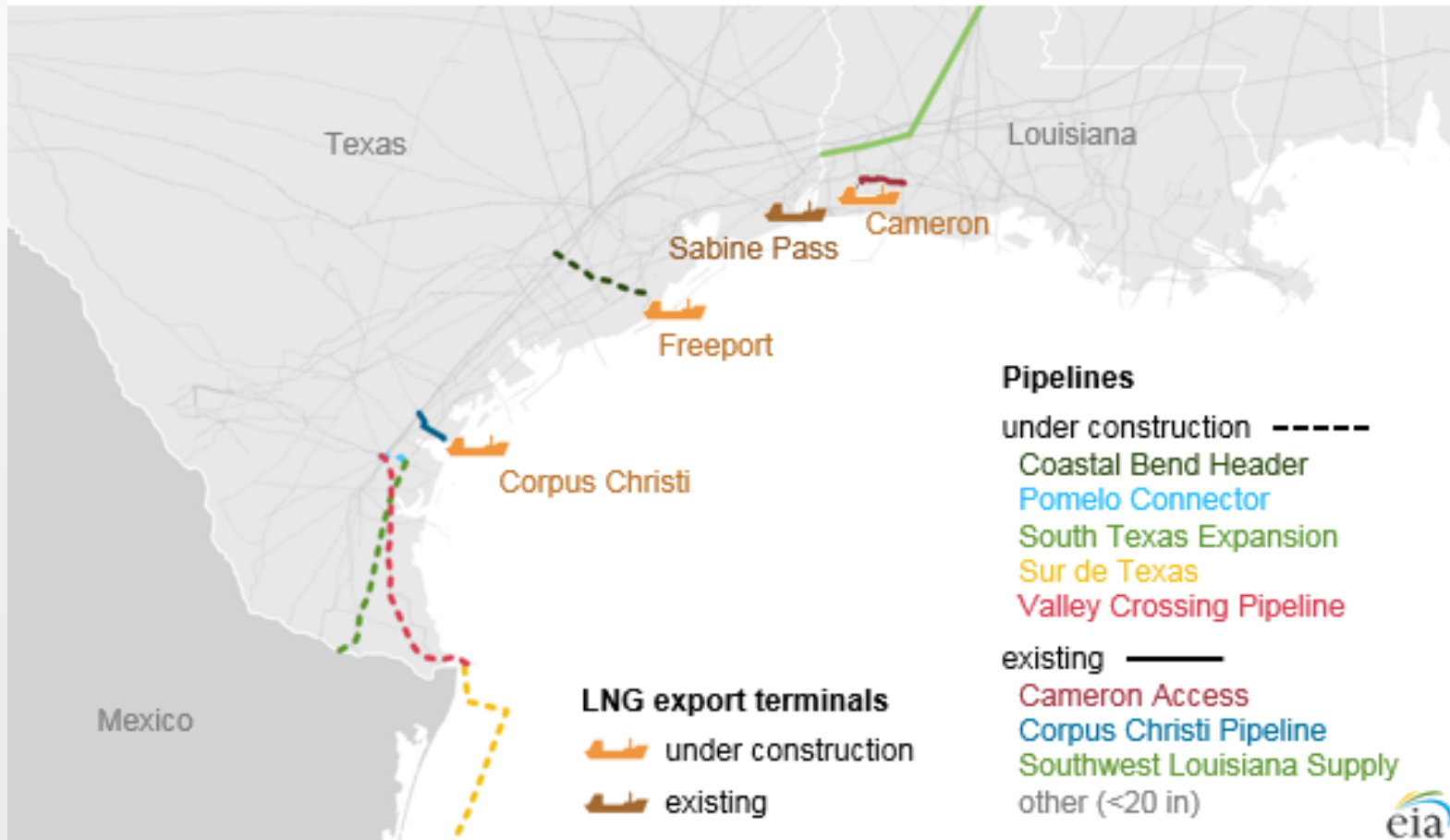
billion cubic feet per day



US LNG exports have continued to grow in 2018, primarily in Sabine Pass, Louisiana.

# LNG Terminal Infrastructure and Projects

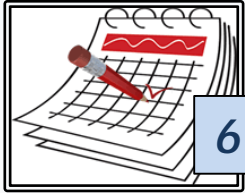
Existing and planned natural gas pipeline and LNG infrastructure in Texas and Louisiana



There are currently more than 160 proposed LNG and natural gas pipeline projects.

# *COMMERCIAL UPDATES*

# Commercial Updates



61 Months in Service



90 Employees



1,016,706,652 MMBtu Gas Transported



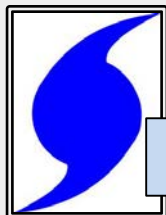
640 Pig Runs



6,147,534 Bbls Condensate Transported



Injury Free



\$30 Million Wind Insurance

- ✿ 14 Gas Markets Served
- ✿ 4 Condensate Markets Served
- ✿ 9 Processing Plants Served

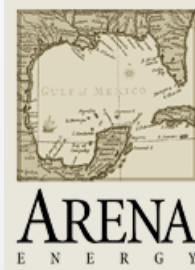


# Top Shippers



ConocoPhillips

LLDG  
exploration



HESS

FE FIELDWOOD ENERGY

MURPHY  
OIL CORPORATION



Hilcorp

COX

CASTEX

ExxonMobil

TPIC

Texas Petroleum Investment Company



W&T OFFSHORE

Anadarko

OTTO  
ENERGY

BYRONENERGY

CONTANGO  
OIL & GAS COMPANY

WALTER OIL & GAS CORPORATION

# Commercial Updates

## ✦ *Manta Ray SS 207/Neptune Outage*

### ✦ *Spring 2018 Total Neptune Outage*

- ✦ *Pre-planning with Pelican to address and maintain flow from SS 207 A Meter and B Meter up to 145,000 Dths/day rate*
- ✦ *NGL Pipeline strike*
- ✦ *Total volume moved during the outage on KDE from A and B meter was 377,457 Dths*

### ✦ *Fall 2018 Neptune Partial Outage*

- ✦ *KDE flow into Neptune went to zero with no notice*
- ✦ *Pelican I plant backed up the Neptune plant*
- ✦ *Enbridge SS 207 requested pressure relief to KDE*
- ✦ *Hurricane Michael affected offshore production*

# Commercial Updates

## ✦ KDE SS 207 pipeline

- ✦ *Everyday nomination of 10,000 Dths/day on Meter 312544 SS 207A. Zero on Meter 313055 SS 207B on a daily basis*
- ✦ *KDE and Pelican provide flow assurance to SS 207 producers on a daily basis*
- ✦ *Anticipate Manta Ray conversion to dense phase*

# Commercial Updates

## ✦ KDE SS 207 pipeline and Anaconda connection

- ✦ Request for emergency connection to KDE for Anaconda production
- ✦ Is KDE the only option for volumes off Anaconda?
- ✦ Does Pelican process emergency volumes?

# *Bluewater Operational Flow*

## *❖ Bluewater System Update*

- ❖ September pigging was 115,000 bbls due to Enchilada/SMI 76 gas loss since November 2017. No production was shut in*
- ❖ October volume 20,000 bbls*
- ❖ Condensate volumes are more predictable*
- ❖ Collaboration received from Enlink, Harvest and Columbia Gulf to increase deliveries into Gueydan/Lirette, Egan Gap Arrowhead and CGT Egan A respectively*
- ❖ Significant overtime hours worked by Kinetica team during the pigging event to maintain system integrity and westward gas flow*

# *Bluewater Operational Flow*

- ✦ Normal Flow has been West to East through Cocodrie*
- ✦ West flow required during pigging into Pecan Island. Barge loadouts of condensate required*
- ✦ West flow required to manage pressure during pigging into Cocodrie while handling liquids*
- ✦ West flow has been tested up to 25,000 Dths/day for 6 months during normal flow*
- ✦ Pigging plan – monthly to reduce shipper impacts*
- ✦ Hurricane ballast is maintained through November 1<sup>st</sup>*

# Cameron System

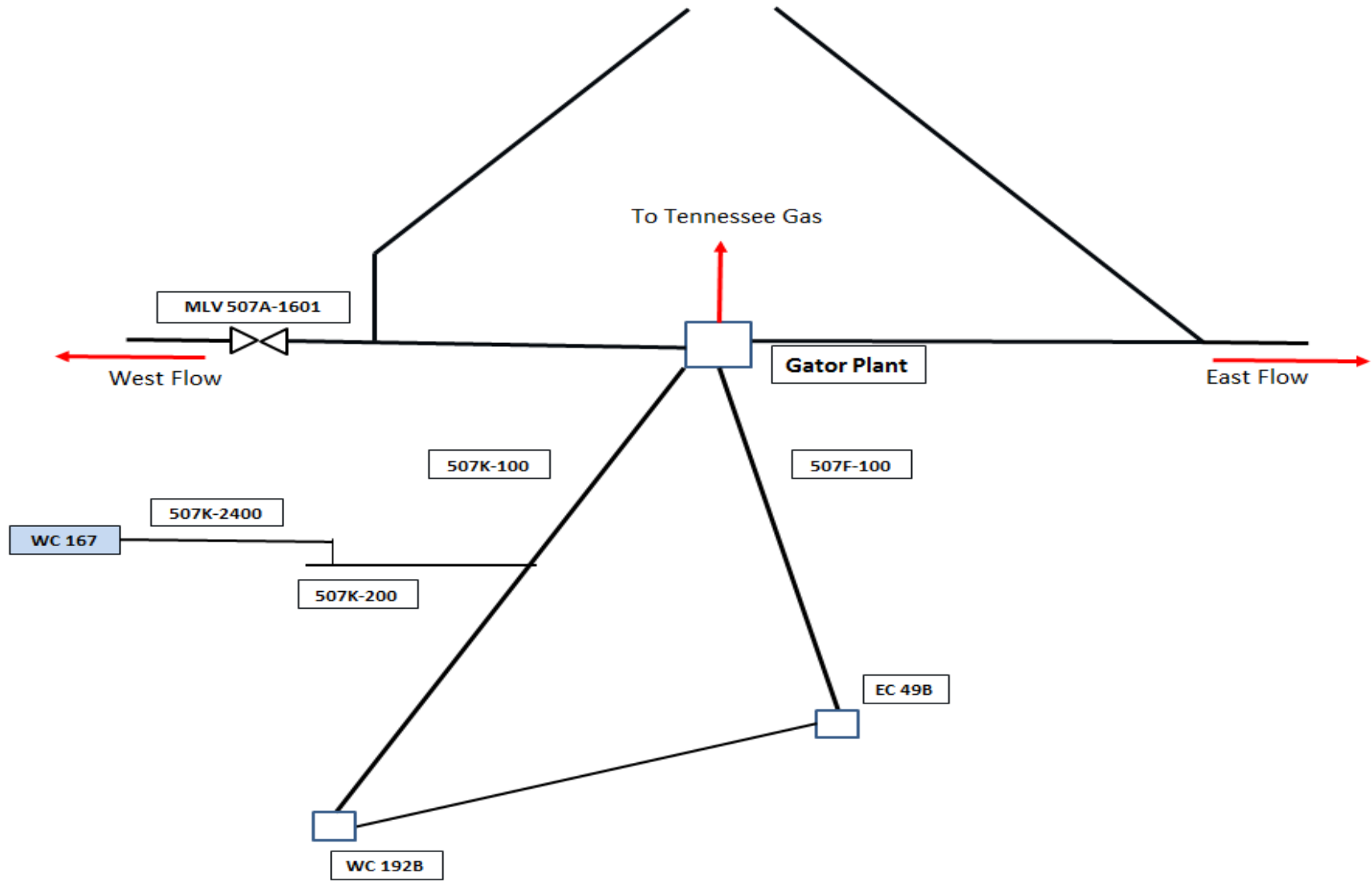
## ✦ *Targa NGL pipeline outage*

✦ *October 16<sup>th</sup> – October 31<sup>st</sup>*

✦ *Shippers moved nominations to alternative delivery meters as of October 16<sup>th</sup> at 9:00 a.m.*

✦ *Alternative paths made available to flow East and West during the Targa NGL pipeline outage*

# Cameron System





# Cameron System

- ✦ *West Flow to Targa Barracuda alternative flow construction*
- ✦ *During prior outage the alternative flow project was proposed to shippers with a cost sharing plan*
- ✦ *2018 outage project*

# Hot Tap Construction



# *Hot Tap Construction*





# *Hot Tap Construction*



# Cameron System

- ✦ *East Flow to Bluewater System alternative flow construction and hydro test*
- ✦ *Pipelines have been out of service for several years*
- ✦ *2018 restoration of service*
  - ✦ *Hydro test required*
  - ✦ *Valve replacements*
  - ✦ *Piping replacements*

# *Stone Platform Leak*

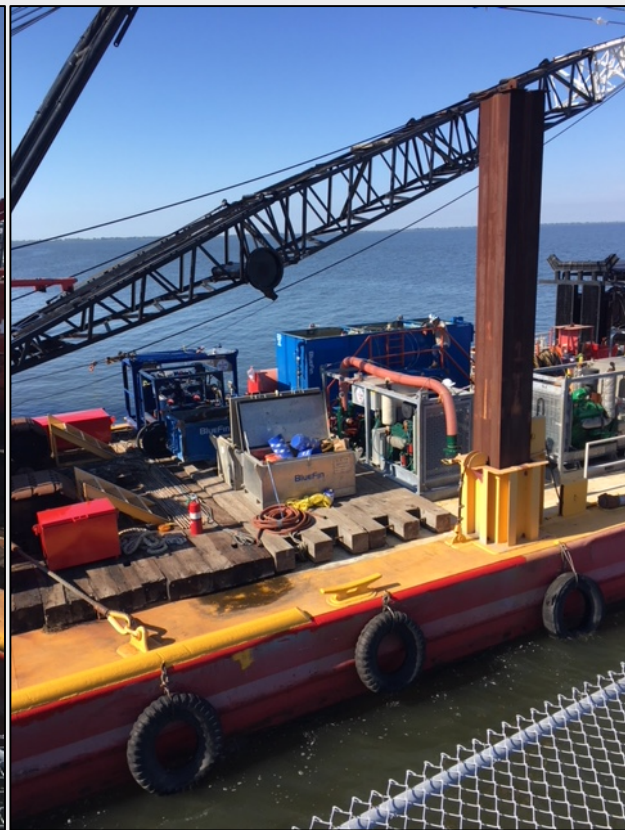




# 3600-3800 Construction

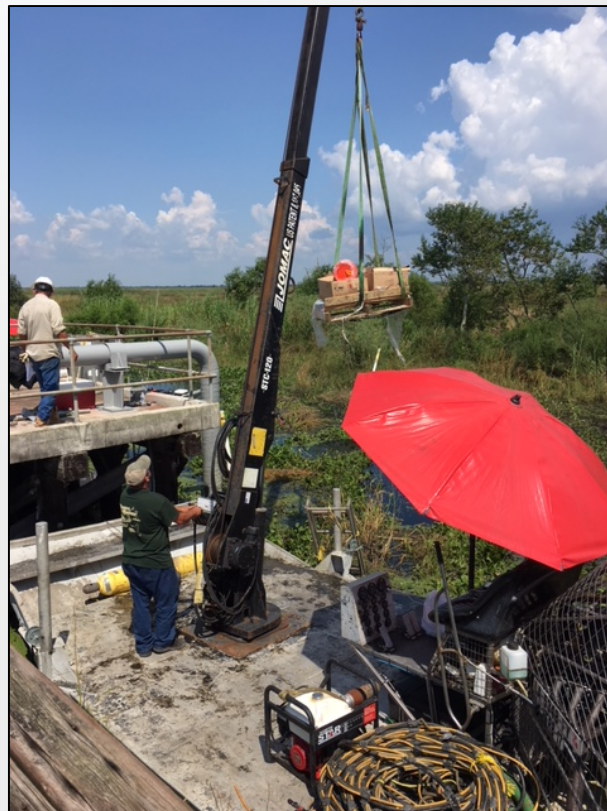


# 3600-3800 Construction





# 3600-3800 Construction





# 3600-3800 Construction



# Cameron System

- ❖ *Short term plan after outage is business as usual 6-12 months*
- ❖ *Long term plan beyond 9-12 months*
  - ❖ *Preparing for alternative delivery points in advance of possible Gator plant shut down*
  - ❖ *Test run of 2 options during the ongoing outage*

# *Cameron System*

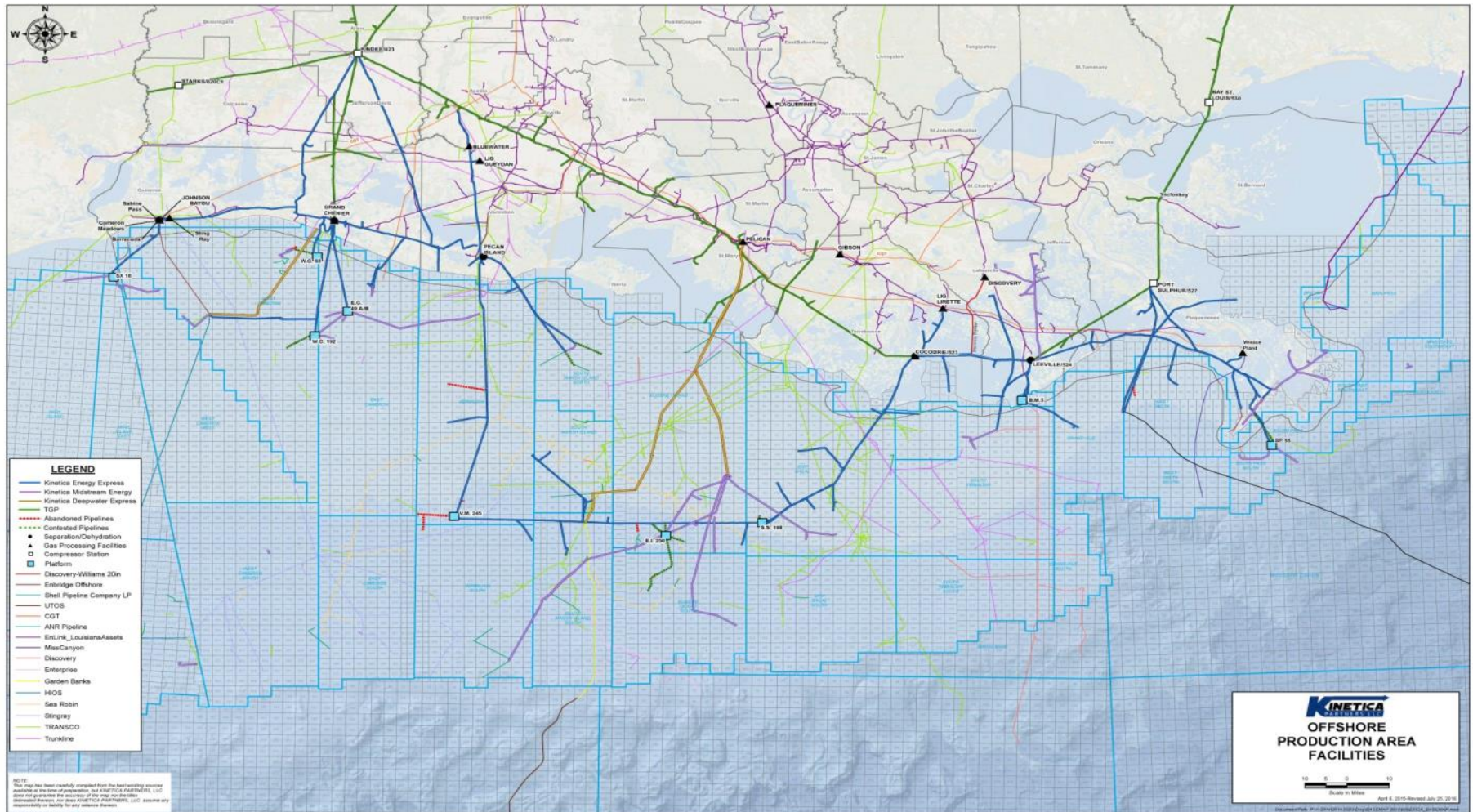
- ✦ *Grand Chenier Liquid Handling Facilities*
- ✦ *Fieldwood Operated*
- ✦ *Options for condensate takeaway*

# *KINETICA VALUE CHAIN*



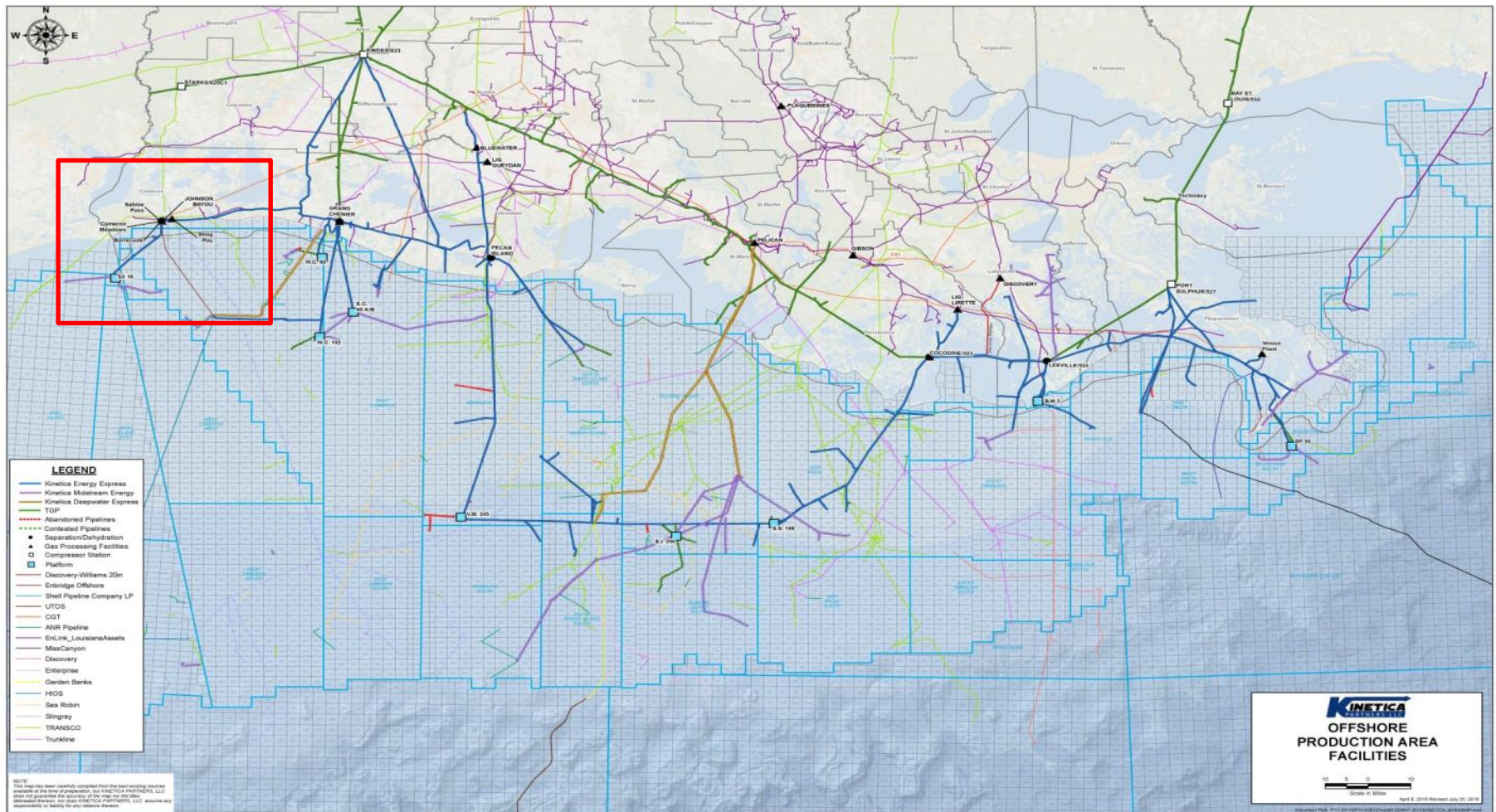


# Kinetica Value Chain

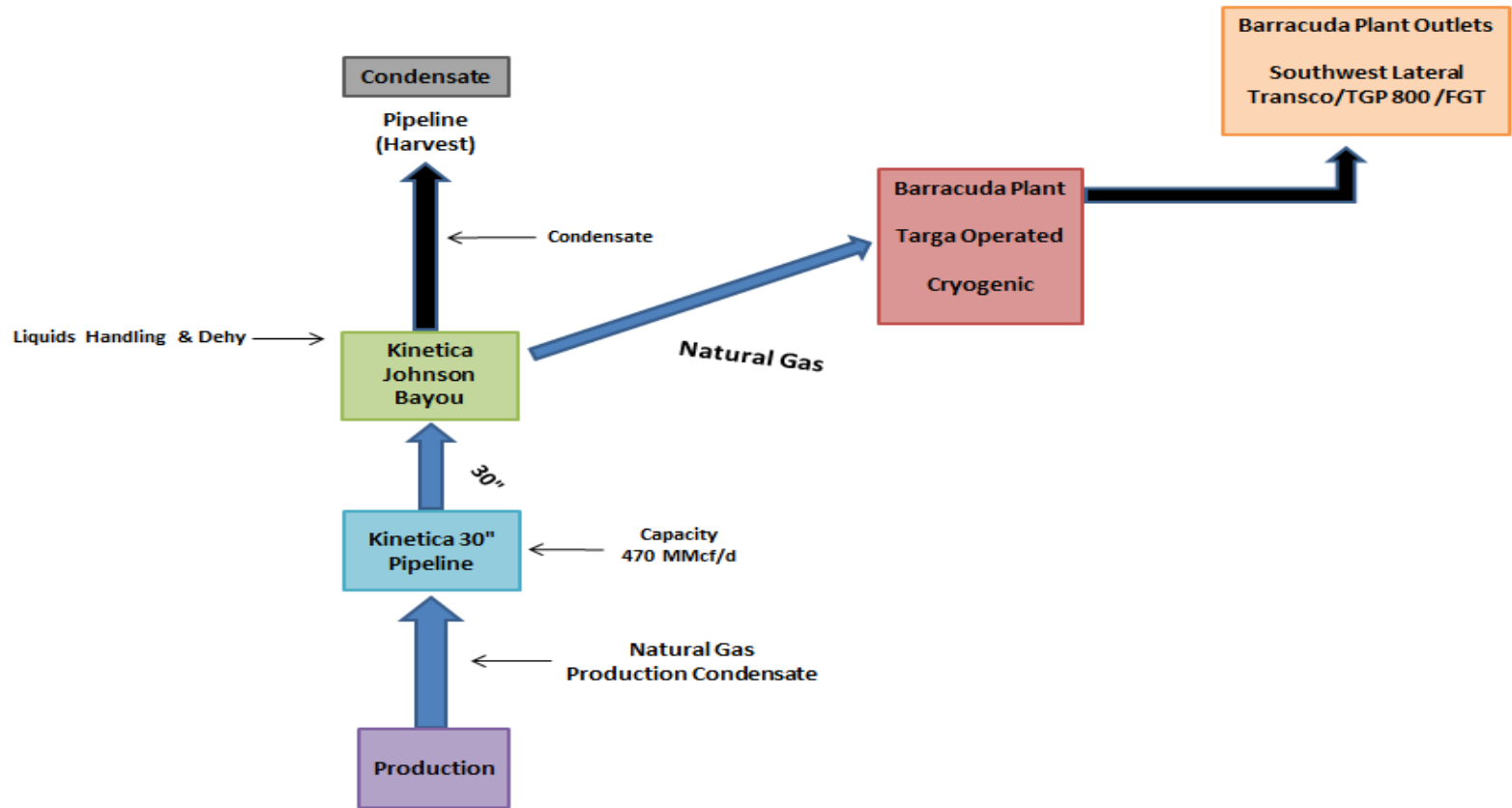




# Sabine System



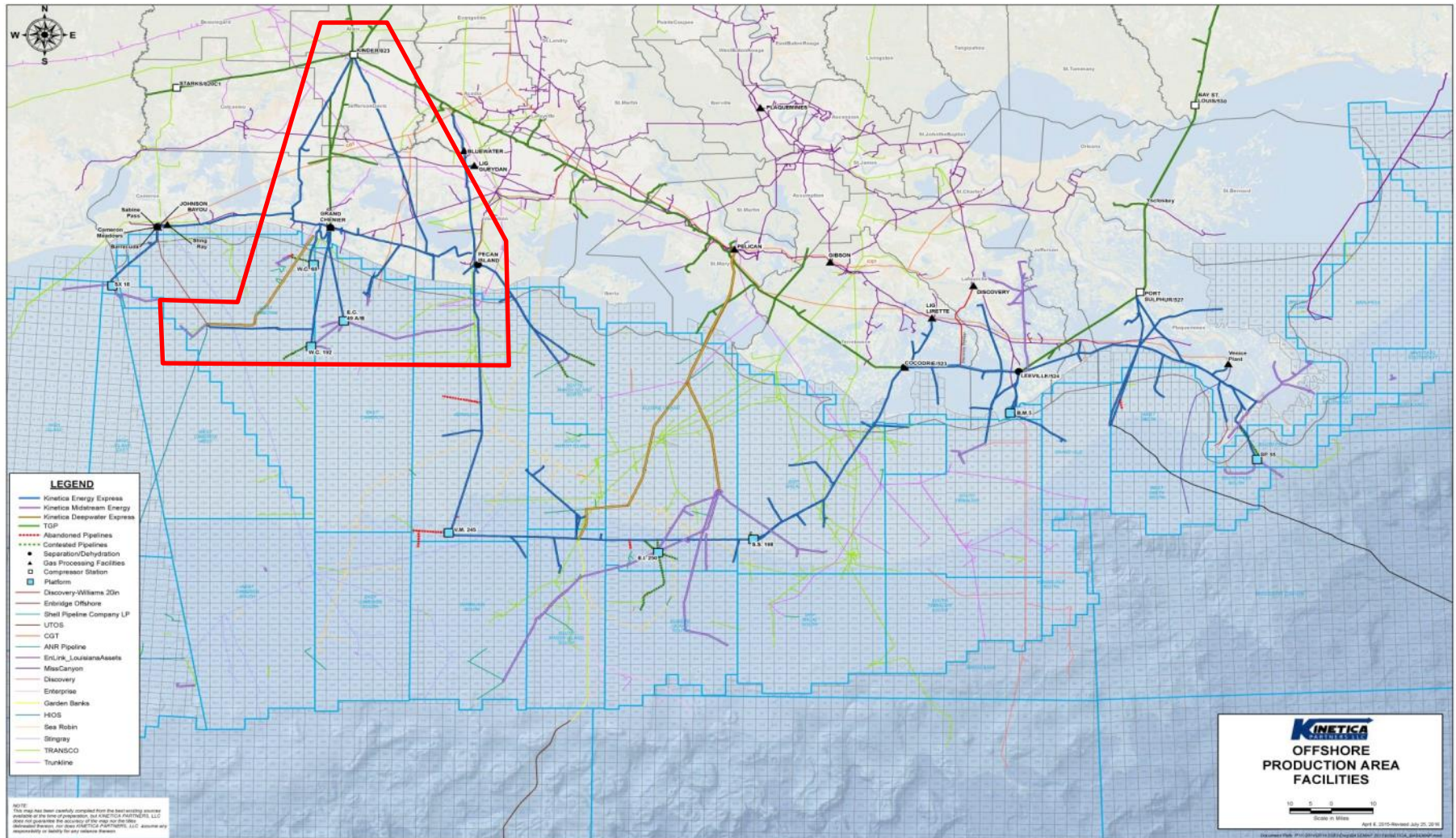
# Sabine Value Chain



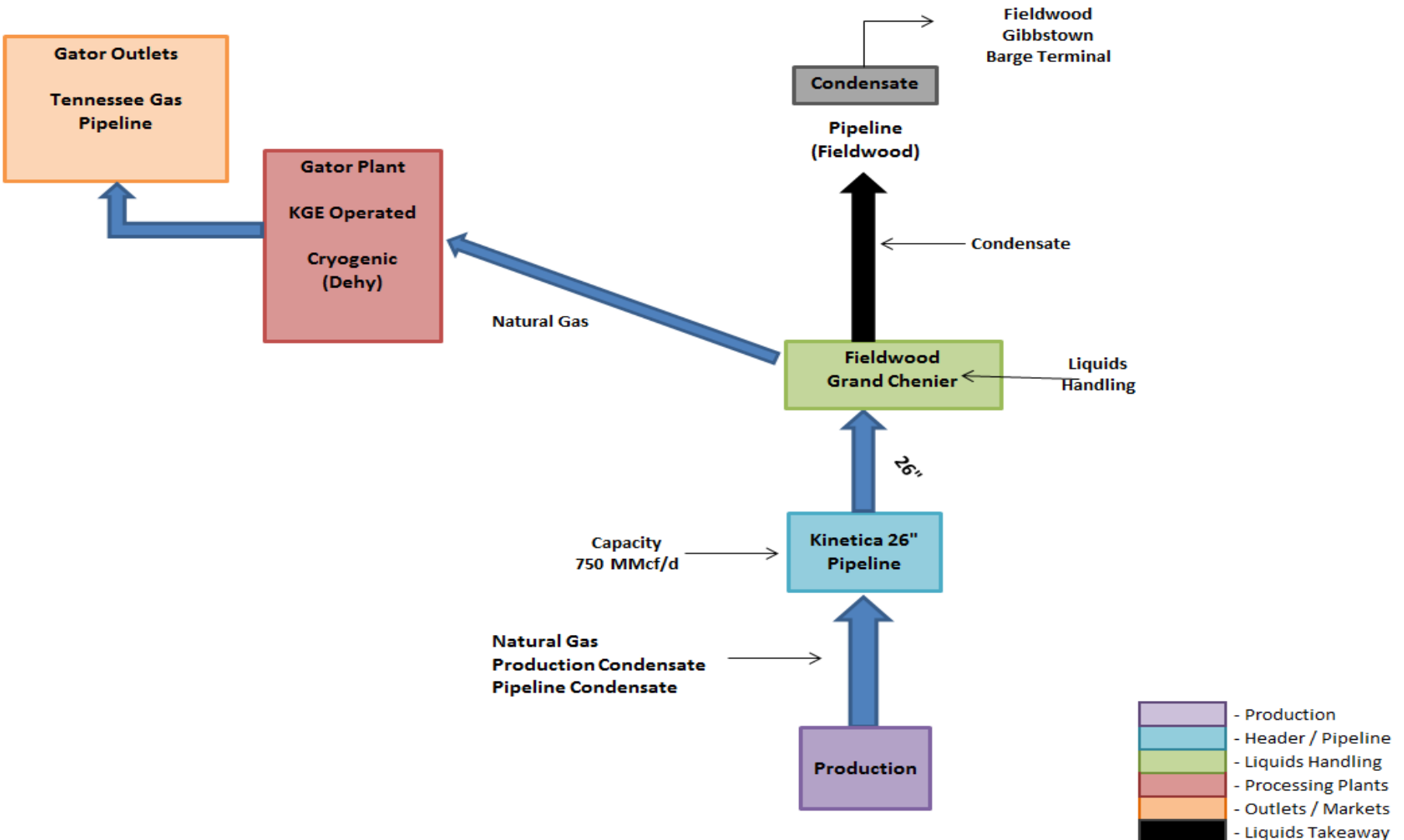
- Production
- Header / Pipeline
- Liquids Handling
- Processing Plants
- Outlets / Markets
- Liquids Takeaway



# Cameron System

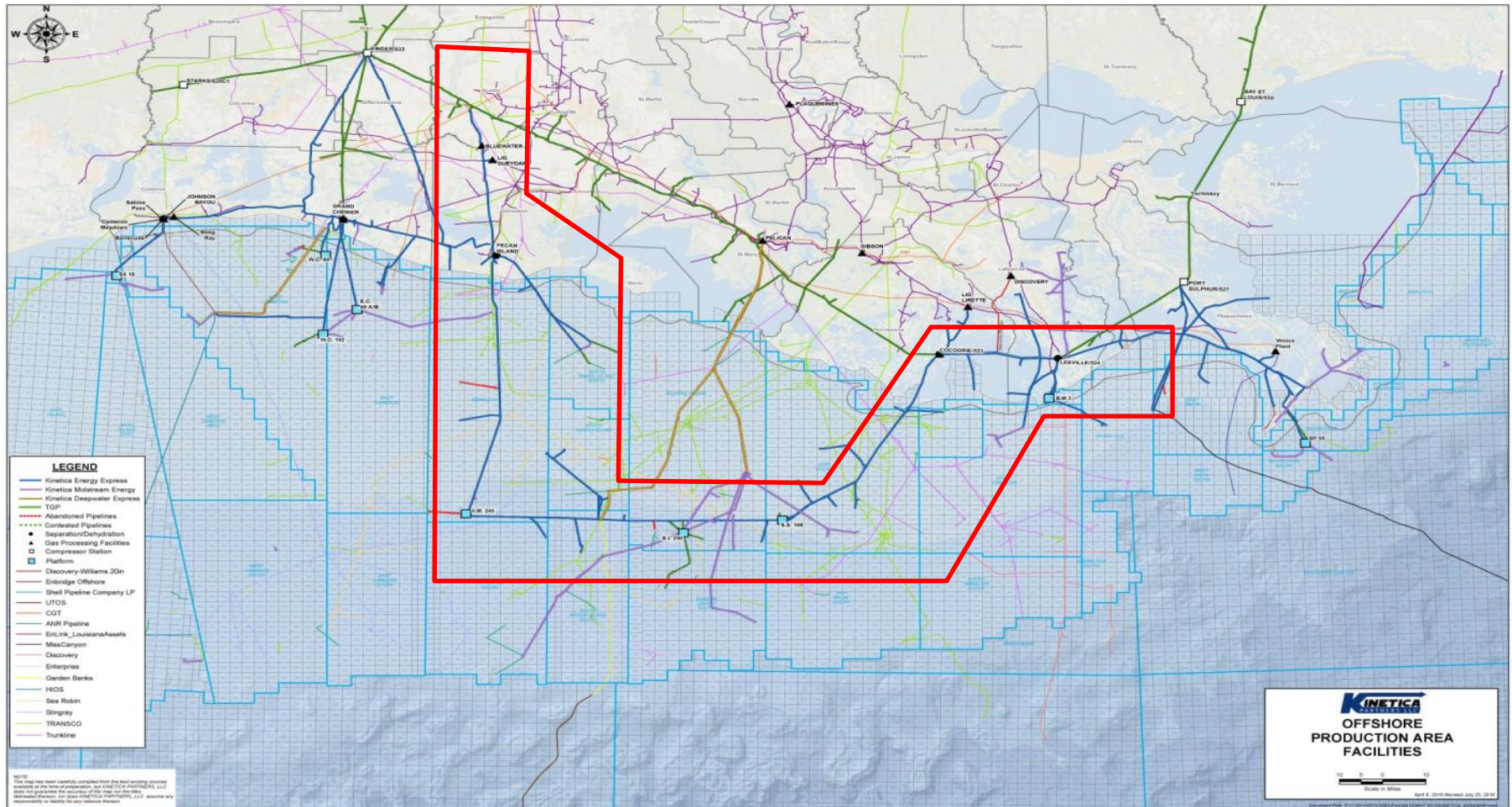


# Cameron Value Chain

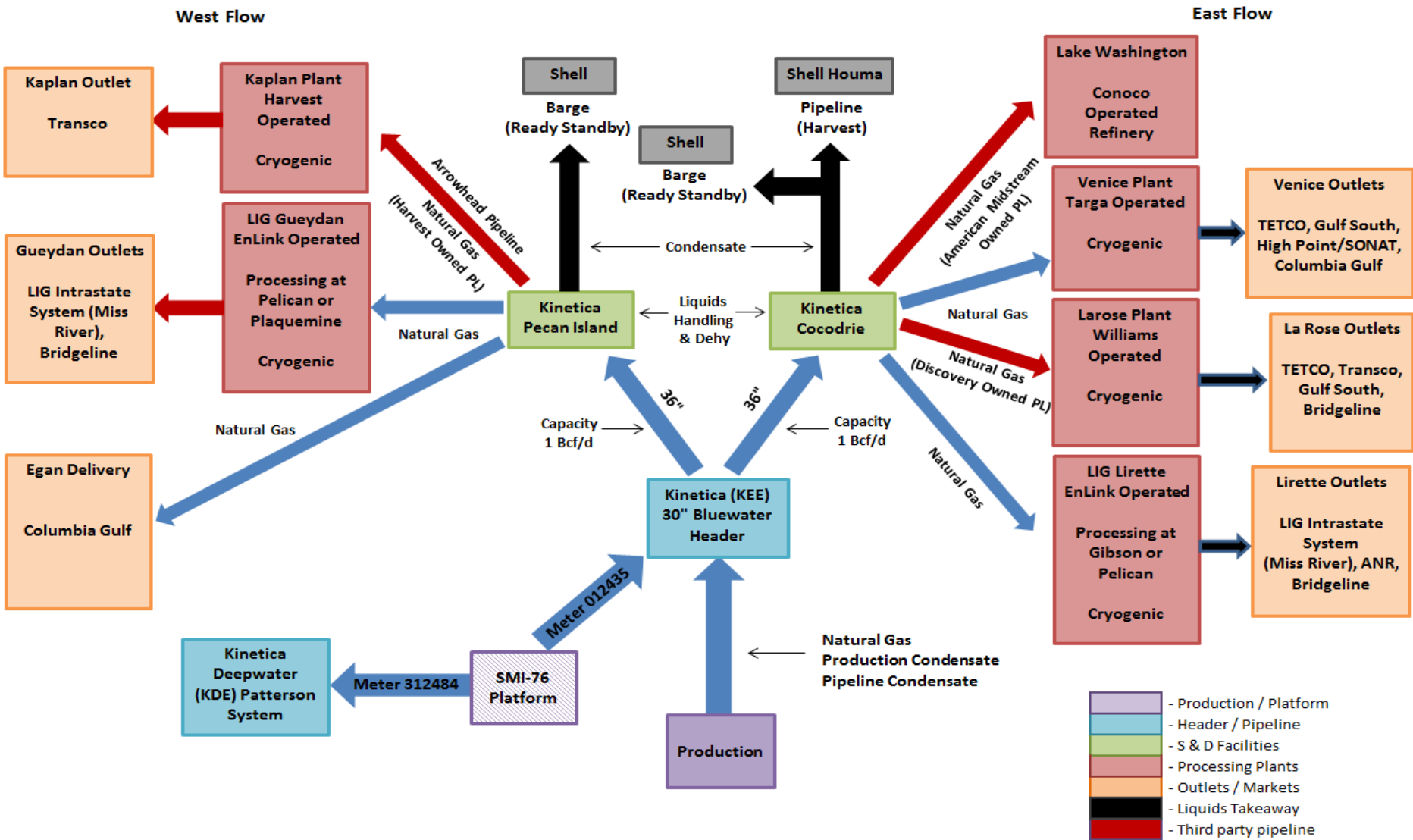




# Bluewater System

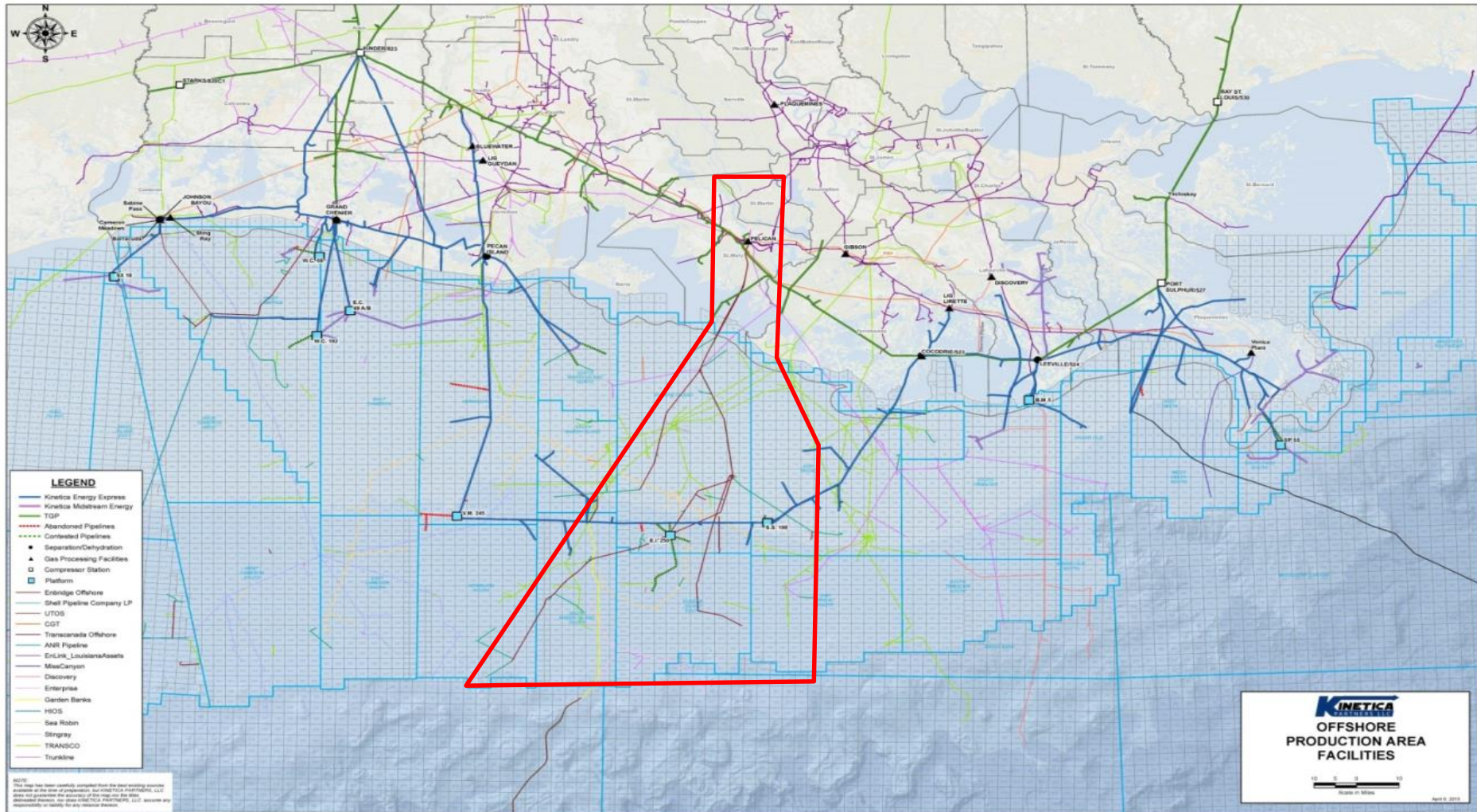


# Bluewater Value Chain

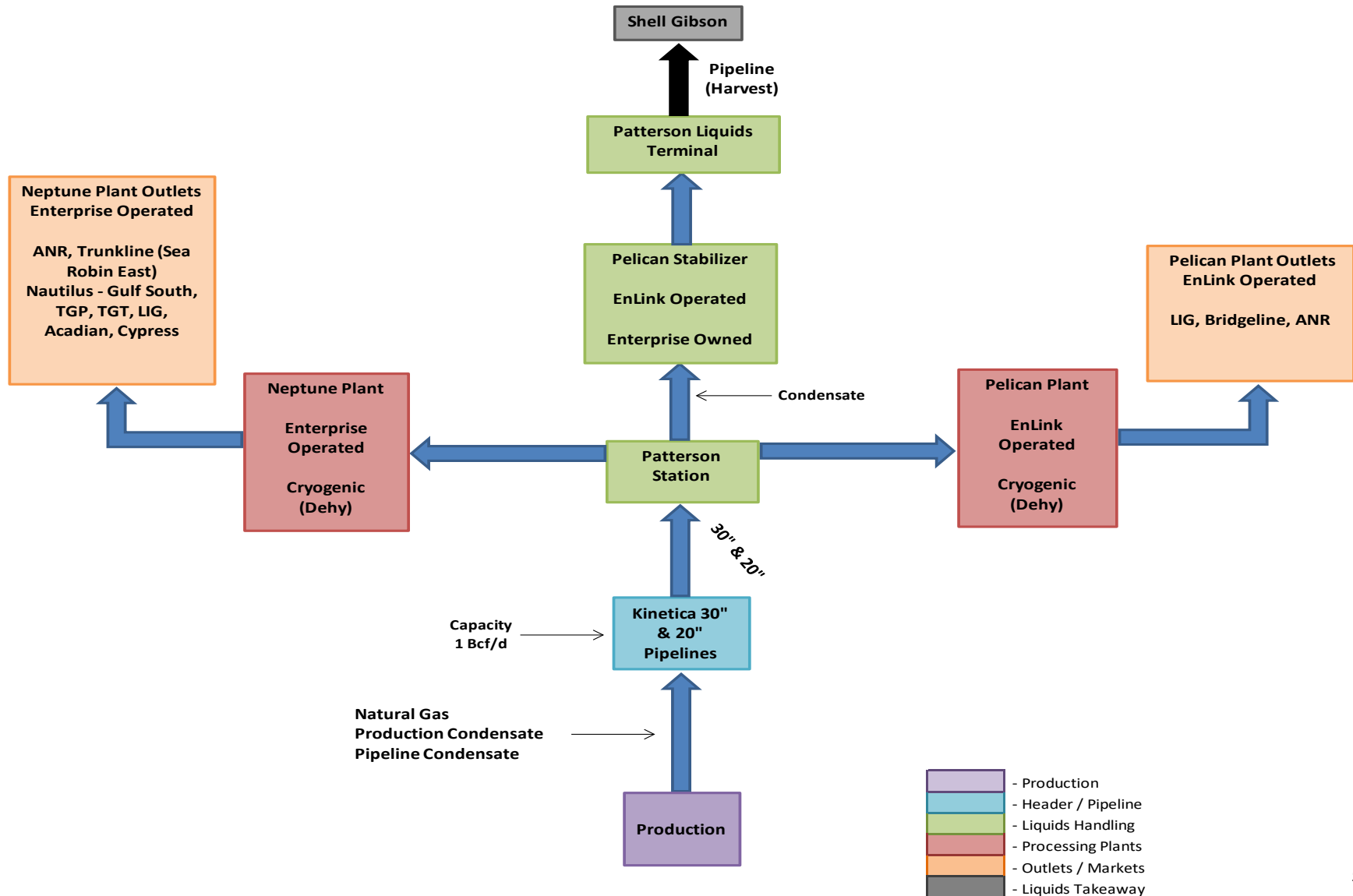




# Patterson System

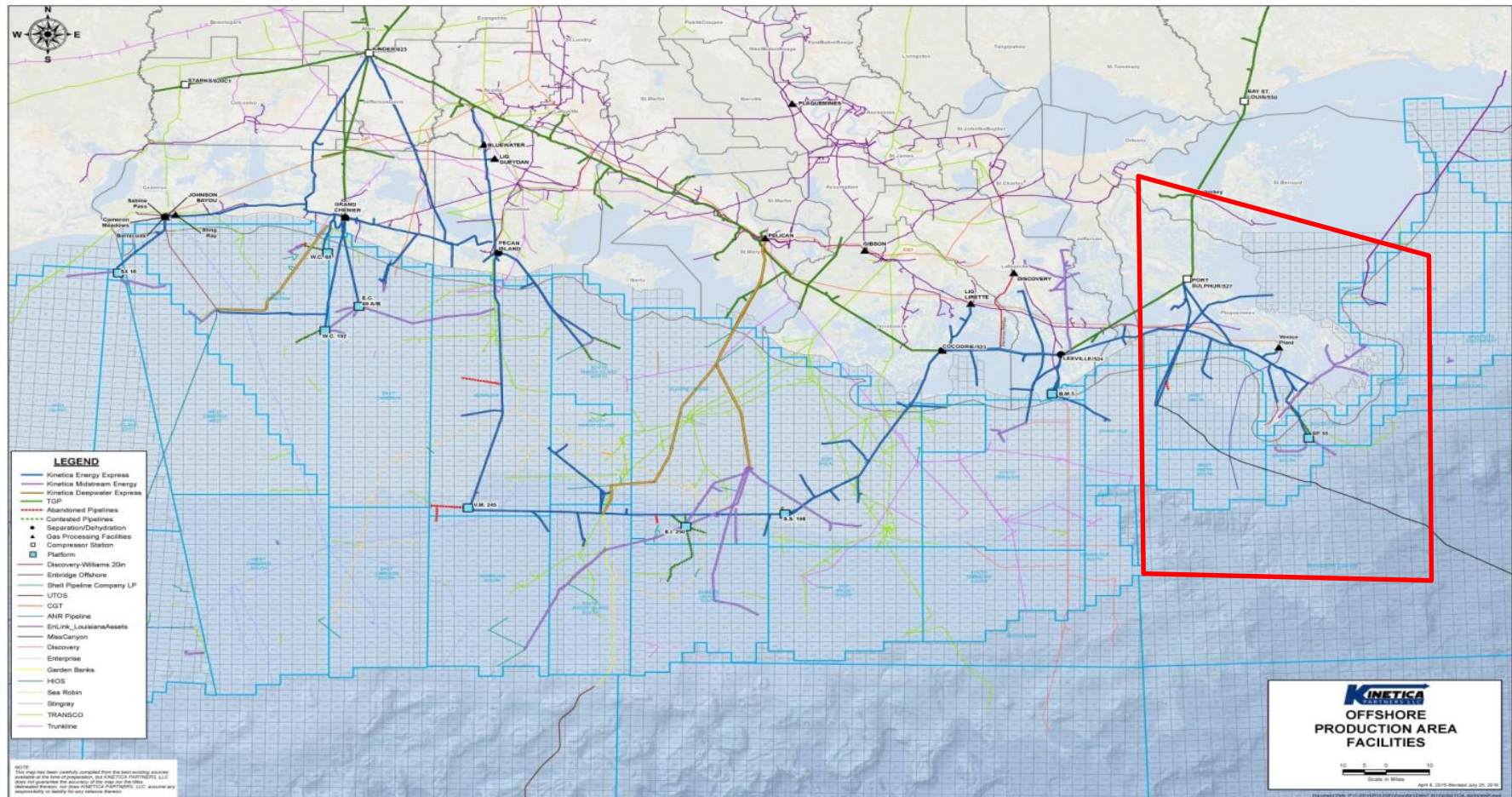


# Patterson System Value Chain



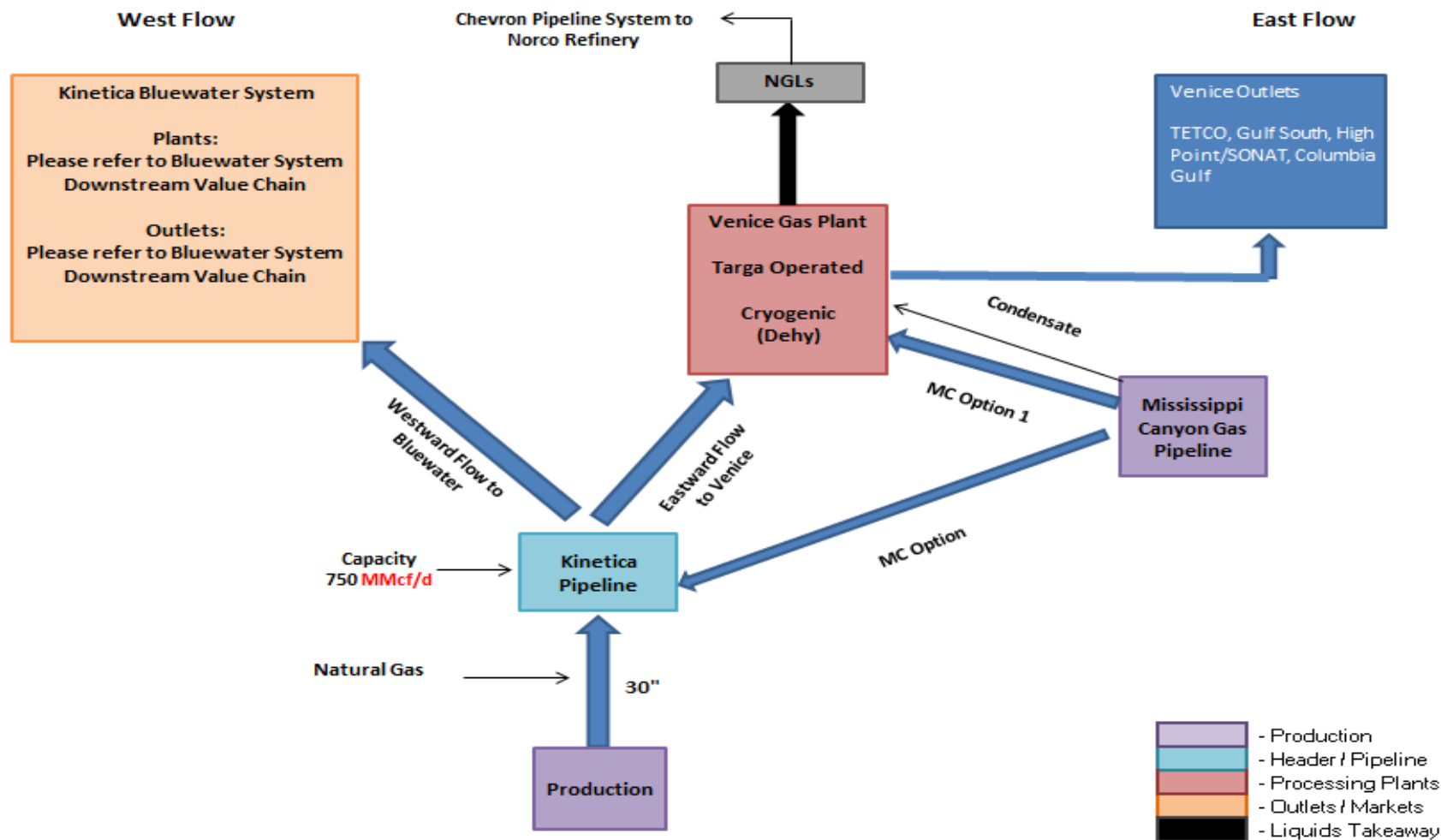


# South Pass System



# South Pass System

## Kinetica Partners, LLC South Pass System Downstream Value Chain





***Break***

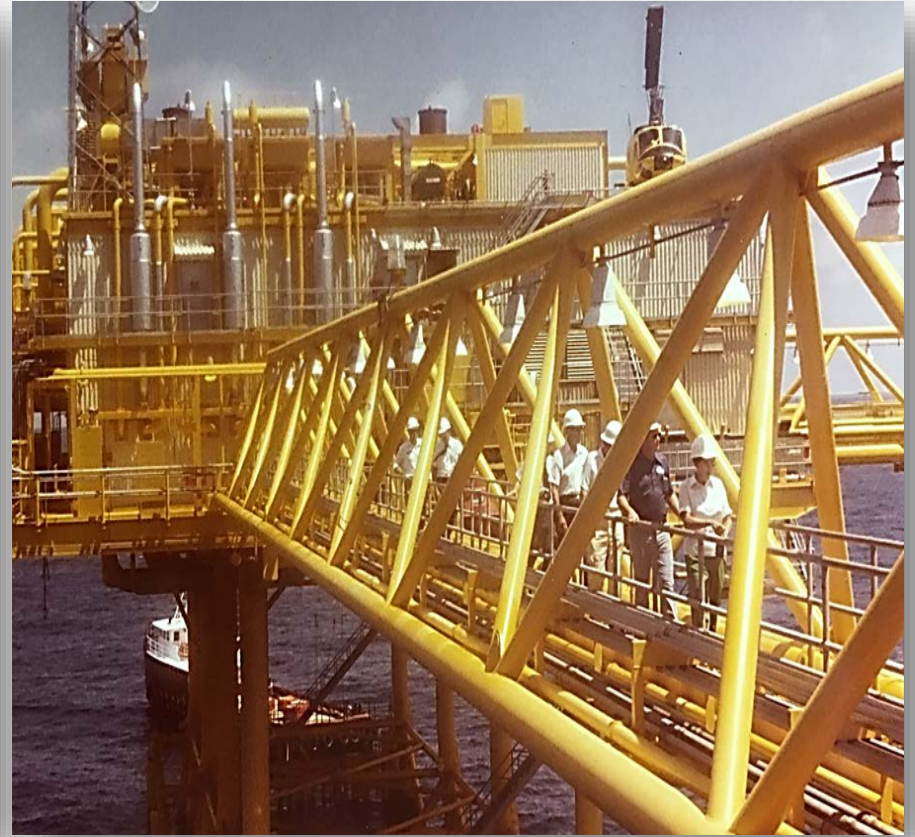
***30 Minutes***

# *Operational and LNG Updates*

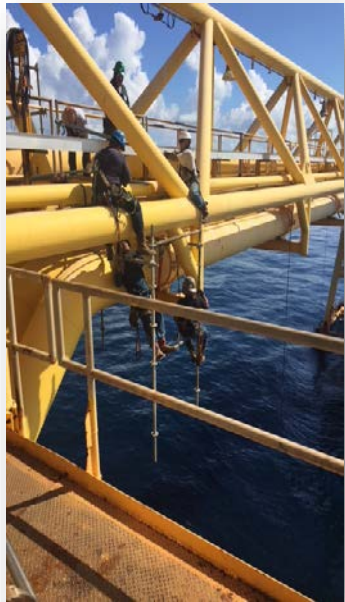
- ✿ *Pipeline and Platform abandonments*
  - ✿ VR 245 B
  - ✿ VR 245 C
  - ✿ EC 49 B
- ✿ *Commonweath LNG Export project on track for Kinetica connection as a major supplier.*
- ✿ *LIGTT project*
- ✿ *Fourchon LNG project*

# Vermilion 245 Platforms - 1979

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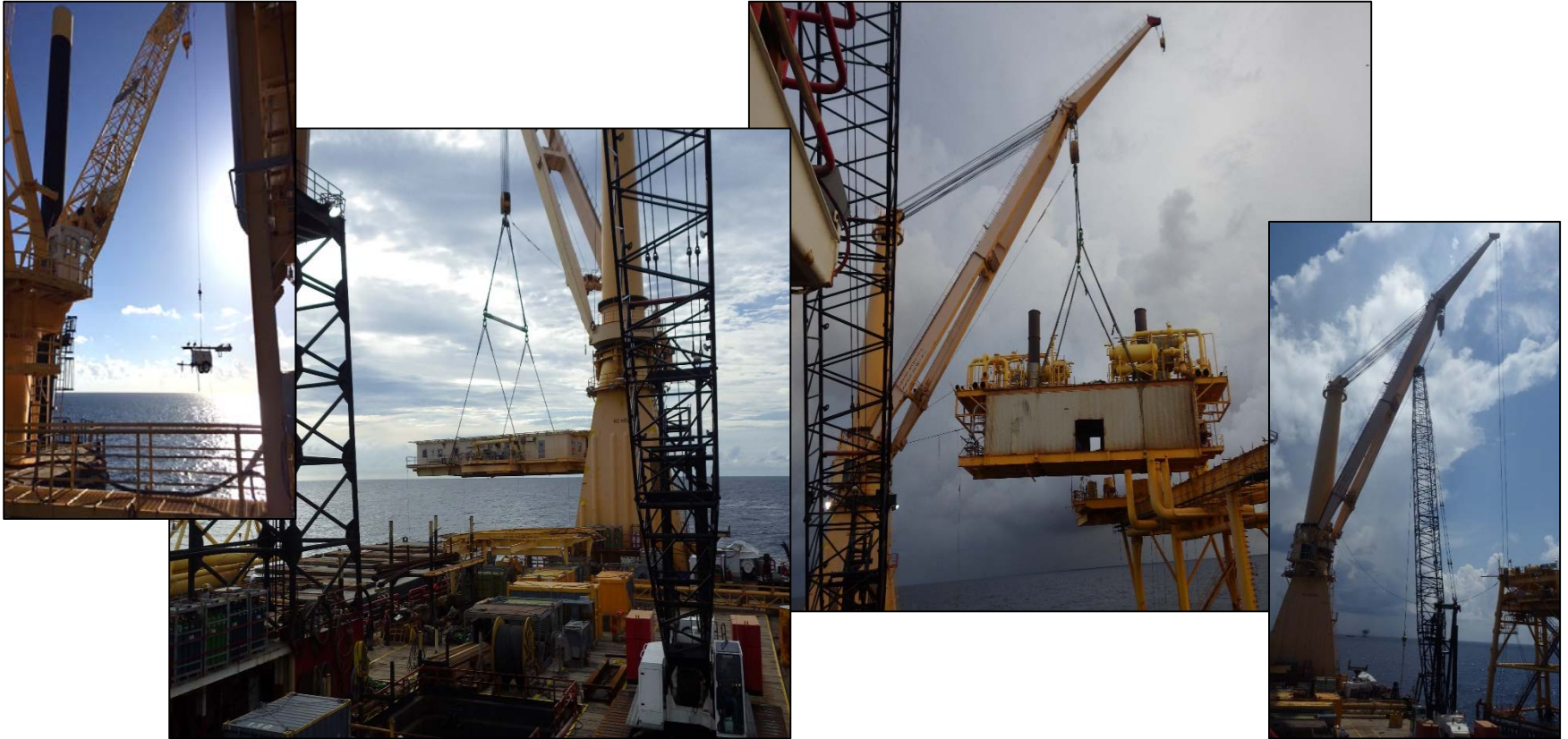






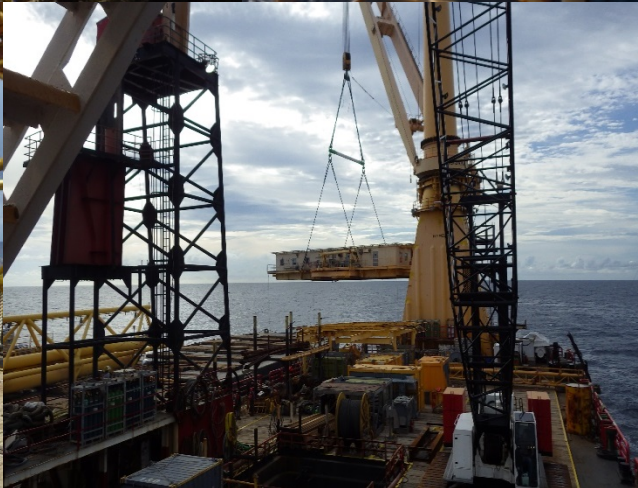
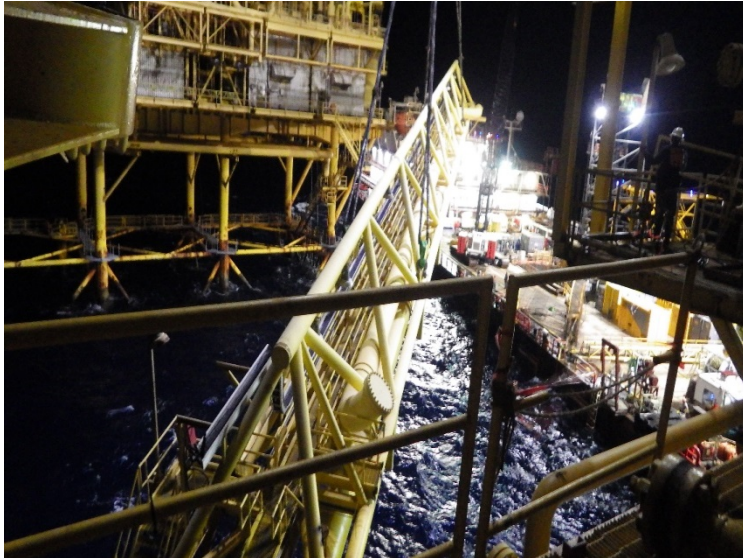
# Platform Removals

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# Platform Removals



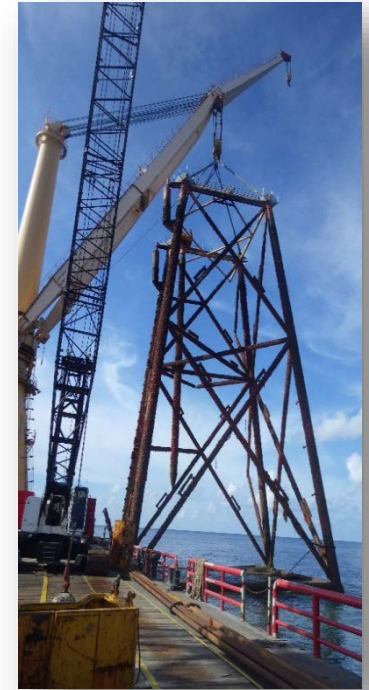


# Platform Removals



# Platform Removals

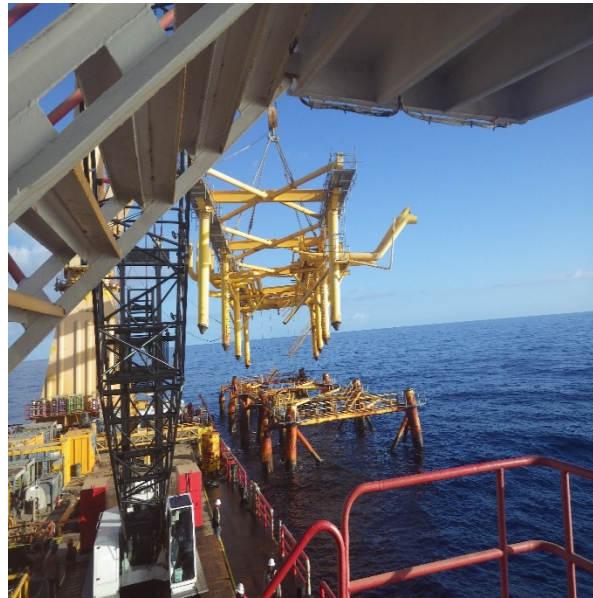
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# Platform Removals

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# EC 49 B – Platform Removals

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# EC 49 B – Platform Removals

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# EC 49 B – Platform Removals

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# EC 49 B – Platform Removals

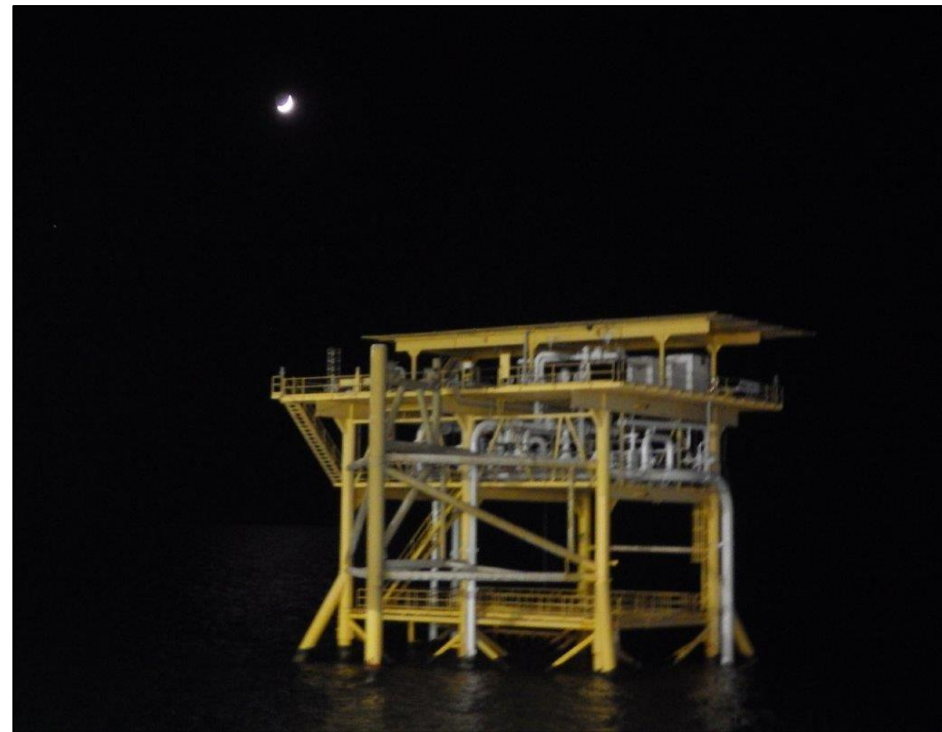
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# EC 49 B – Platform Removals

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# *Liquefied Natural Gas (LNG)*



# Commonwealth LNG Export Terminal Project Update

Presentation to: Kinetica Shipper Meeting

Erik Jansson

Date: October 18, 2018



**COMMONWEALTH**  
**LNG**



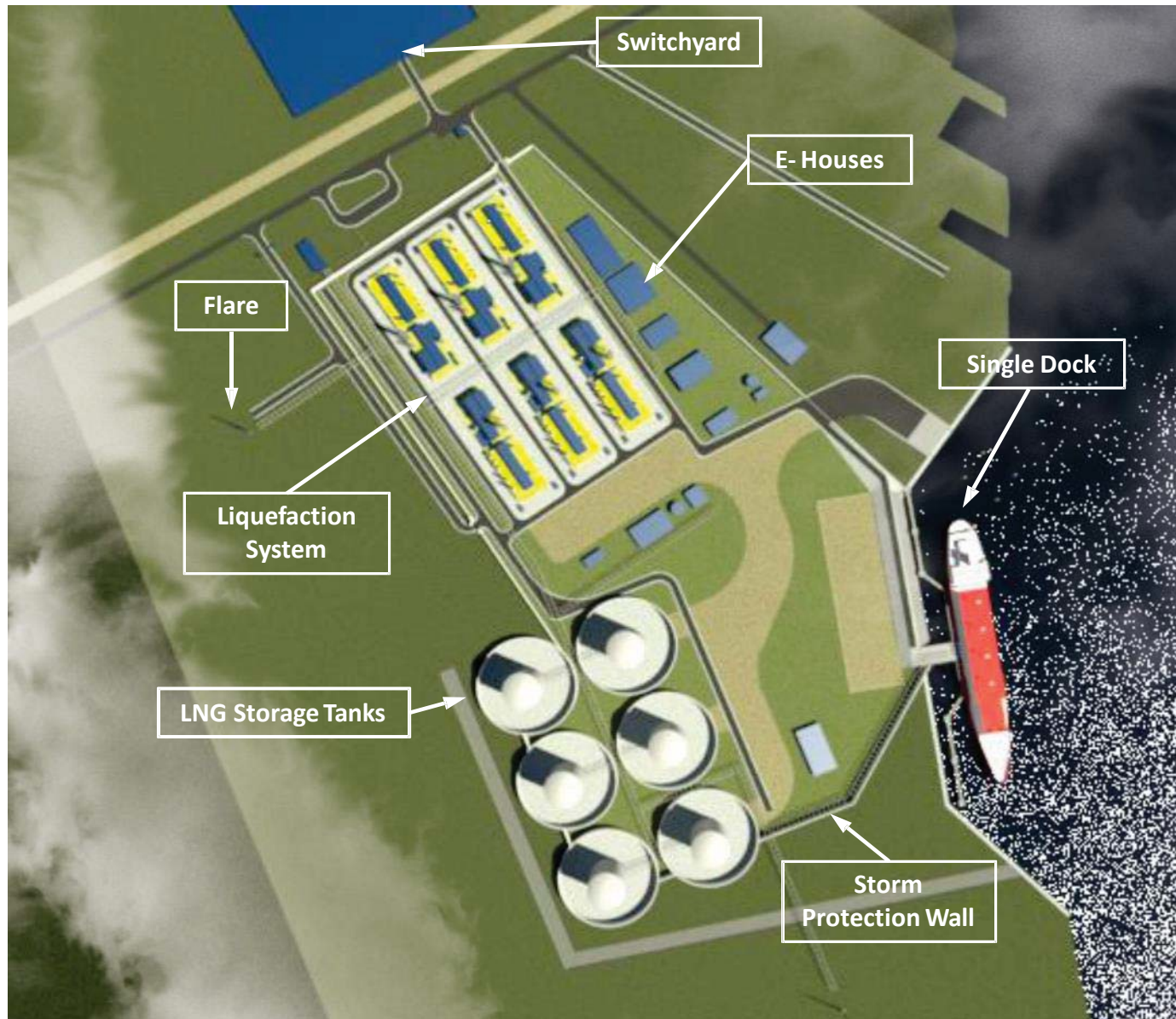


# Current Activities

- Staff
  - 15 full time employees
- FERC / Permitting
  - In the prefiling process
  - Preparing Resource Reports and Environmental Report
  - Working with CH-IV, TRC and Orrick
- Design
  - Preparing the FERC FEED
  - Working with Technip, Lloyd Engineering, ARUP, Kinetica/EnLink and others
- Project Finance
  - Initial project development funding tranche completed
  - Second raise underway
  - Working with Height Capital
- Commercial
  - In the market actively pursuing LNG buyers
  - Getting very positive feedback



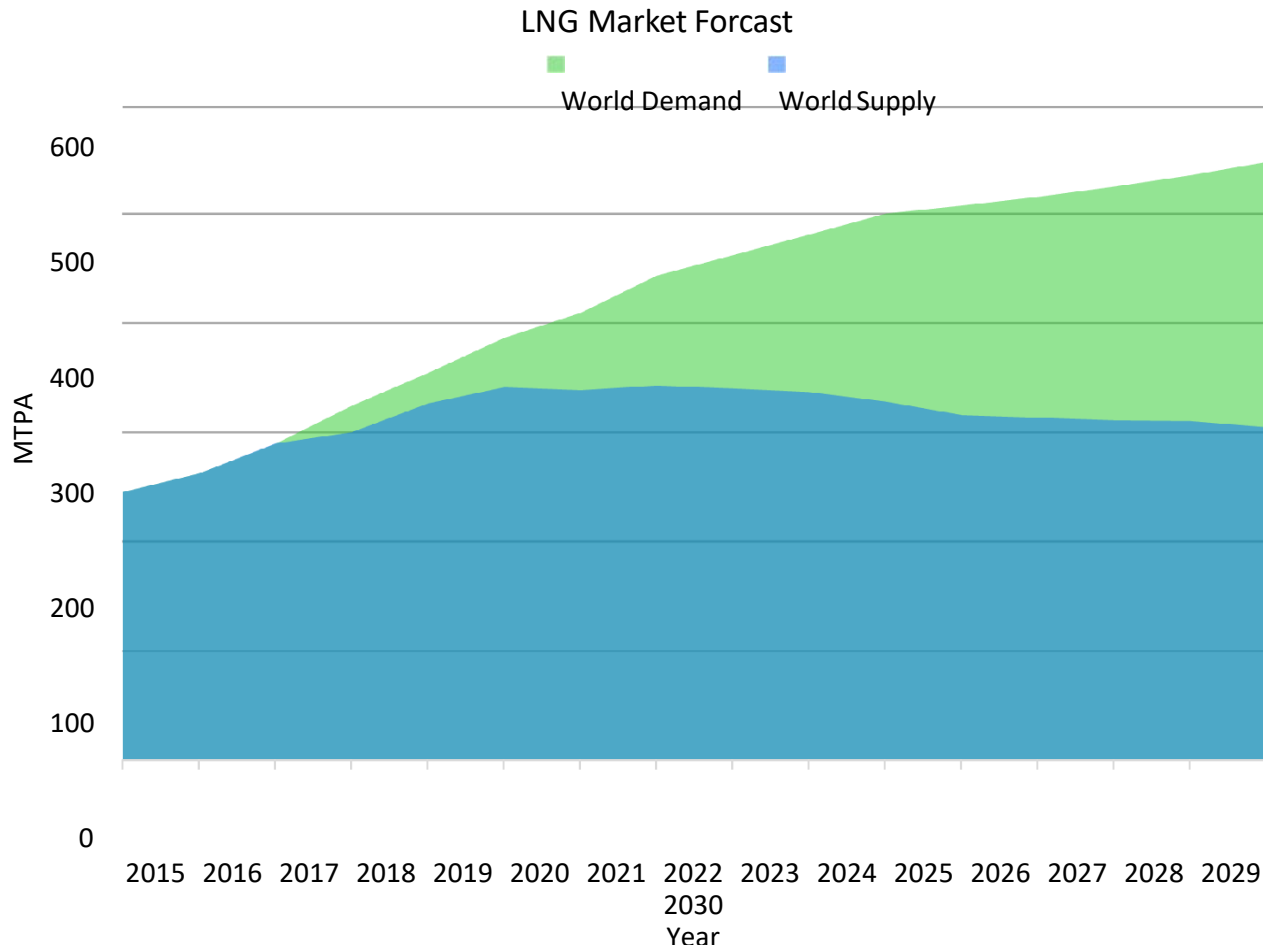
# Export Terminal Latest Layout





# LNG Market Forecast

- LNG demand is up worldwide
- Spot pricing has reached 4 year highs
- Multiple US LNG offtake deals have closed in 2018
- Shortfall in 2023 predicted to be over 120 MTPA

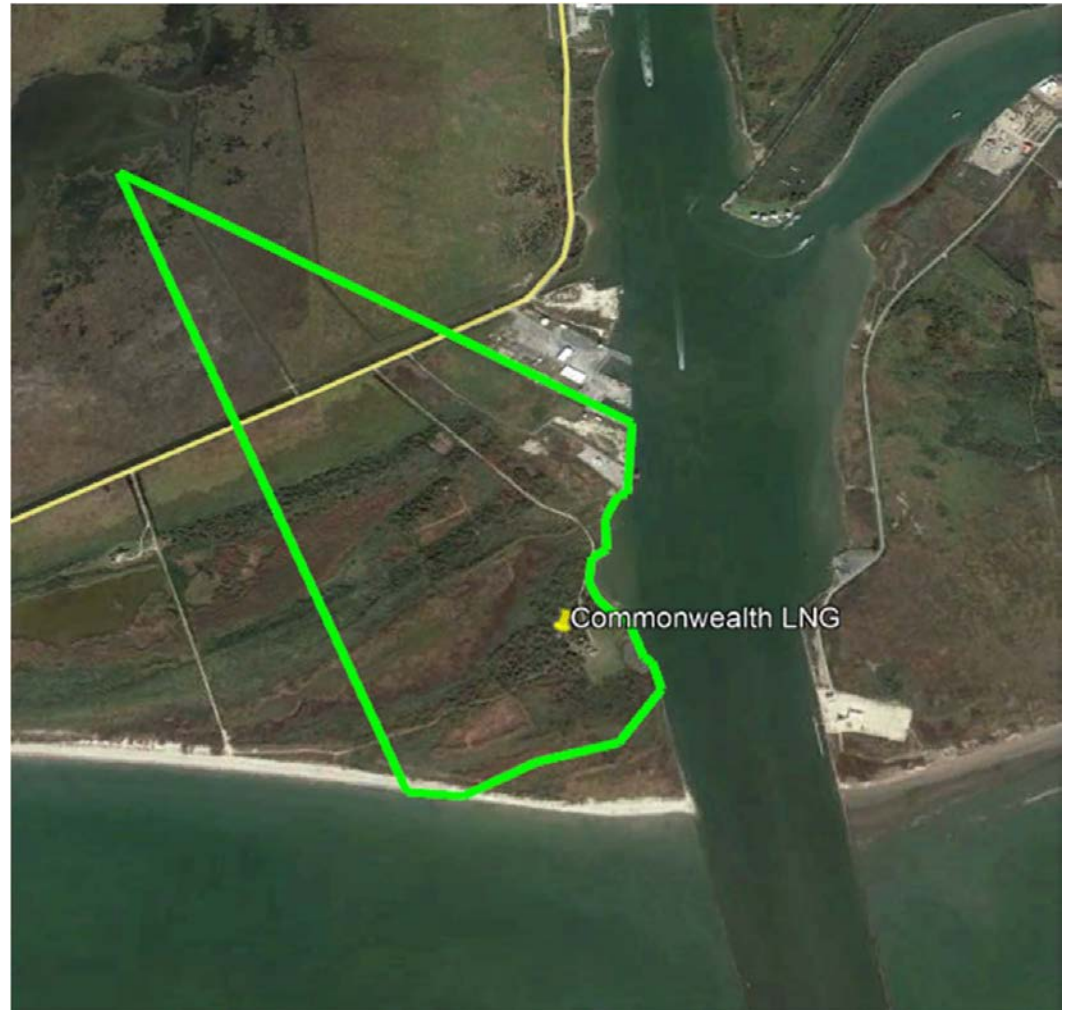






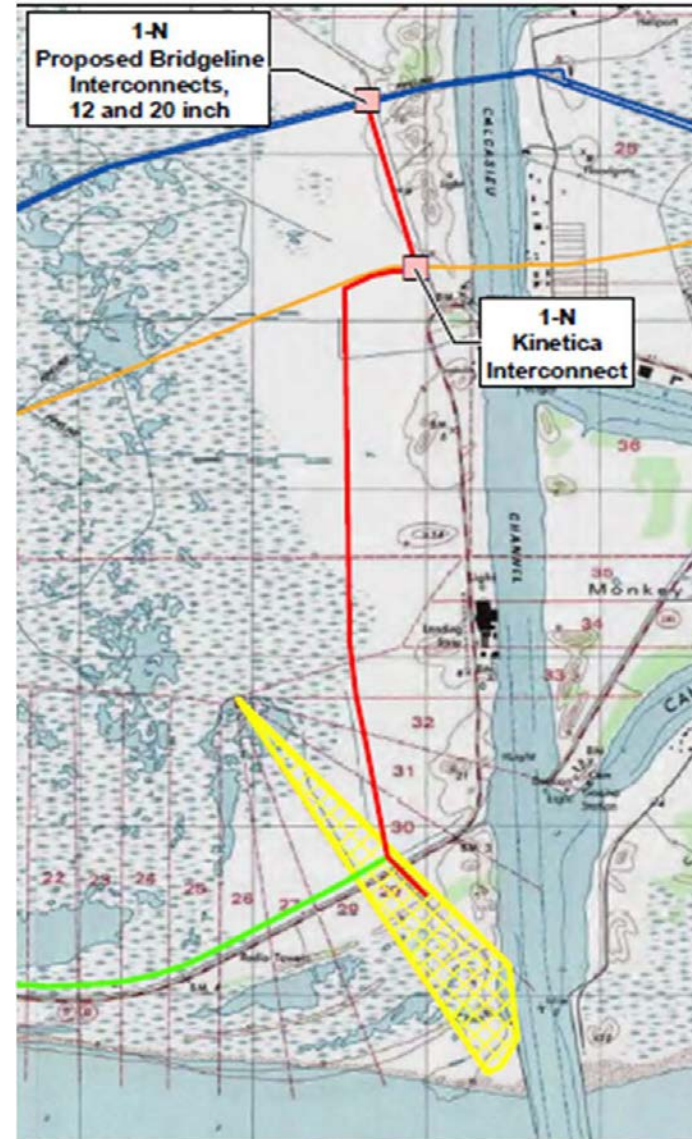
# Commonwealth LNG Plant Design

- 393 acres of property
- Mouth of the Calcasieu River
- 9.5 MTPA export capability
- 8.4 MTPA design capacity
- 1.36 BCF/d gas supply
- 6 x 1.4 MTPA modules
- All electric drives
- Power supplied from the grid
- 240,000 M3 LNG storage
- Single dock – 10,000 M3 to 216,000 M3 ships





- 
- This map shows the proposed 1-N Kinetica Interconnect and bridge line. The bridge line is highlighted in yellow, crossing the Kinetica River. The interconnect is shown as a red line. The map also displays the 1-N bridge line, which is a blue line. The map includes labels for 'Proposed Bridgeline Interconnects, 12 and 20 inch' and '1-N Kinetica Interconnect'. The map also shows the Kinetica River, the 1-N bridge line, and the 1-N bridge line. The map includes labels for 'Proposed Bridgeline Interconnects, 12 and 20 inch' and '1-N Kinetica Interconnect'. The map also shows the Kinetica River, the 1-N bridge line, and the 1-N bridge line.





# Project Milestone Forecast

- FERC Accepts Final Application – February 2019
- Draft EIS Issued – November 2019
- Final EIS Issued – April 2020
- EPC Limited Notice to Proceed – April 2020
- Final FERC Order Issued – December 2020
- Financial Close – December 2020
- EPC Full Notice to Proceed – December 2020
- Mechanical Completion – February 2023
- Commercial Operation – July 2023





# Infrastructure & Jobs

- Committed to supporting Cameron Parish and Louisiana economy
- Use local vendors and contractors when possible
- Infrastructure Investment ~ \$4.0 B
- Direct Jobs
  - 60 – 80 permanent jobs at the terminal
  - Average of ~ 500 construction jobs for 24 months
  - Peak of < 1000 construction jobs
  - Estimated < 3 million work hours onsite





# Commonwealth LNG Export Terminal Site



# ANNUAL KINETICA SHIPPER'S MEETING – GOLDEN NUGGET HOTEL & CASINO OCTOBER 18, 2018

PRESENTED BY:

TOM W. THORNHILL





# LIGTT Louisiana International Gulf Transfer Terminal



- ▶ Thornhill Energy, Inc., through its wholly owned subsidiary Energy Development Services, Inc., serves as Co-Manager of the Louisiana International Gulf Transfer Terminal (LIGTT Midstream Holdings, LLC).
- ▶ Thornhill has served as a Louisiana Legislator, Developer, Oil & Gas Operator, and Litigator for 40 years. Thornhill historically has defended & prosecuted blow out cases on land & marine sites, e.g., most recently serving as a member of the court appointed trial team in the BP Litigation from the Deepwater Horizon rig blow out of the Macondo well.



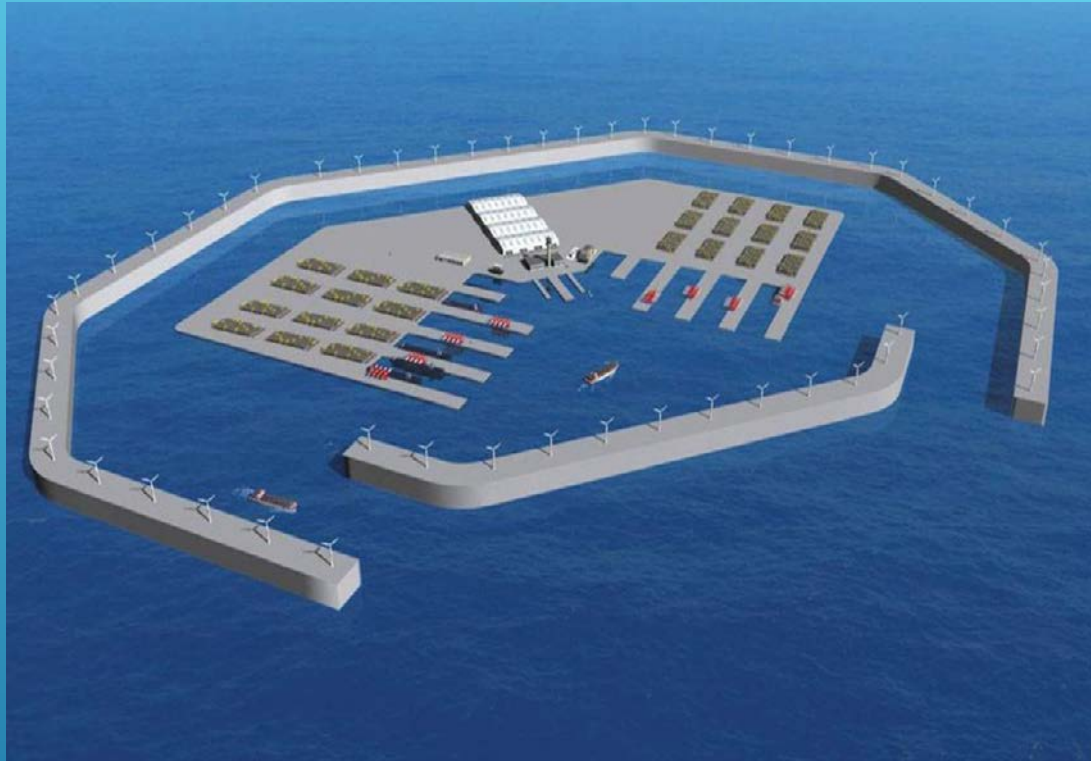
**Tom W. Thornhill**



## THE FUTURE IS COMING TO LOUISIANA

THE LOUISIANA INTERNATIONAL GULF TRANSFER TERMINAL (LIGTT) IS A HISTORIC AND GAME-CHANGING PROJECT WHICH WILL CREATE AMERICA'S FIRST LARGE TRANSFER TERMINAL DESIGNED TO HANDLE CONTAINERS, BULK CARGO, AND PETROLEUM PRODUCTS ENTERING AND LEAVING THE UNITED STATES OF AMERICA.





# LAWRENCE LIVERMORE PORTUNUS



# OFFSHORE FLOATING LNG FACILITY









# FLNG AND GAS TREATMENT



EX MAR FLNG



FROM THE RARE...



# ...TO THE COMMON



**Shell Prelude, Australia - 2018**



**Petronas Satu, Malaysia - 2016**



**Golar Hilli, Cameroon - 2018**



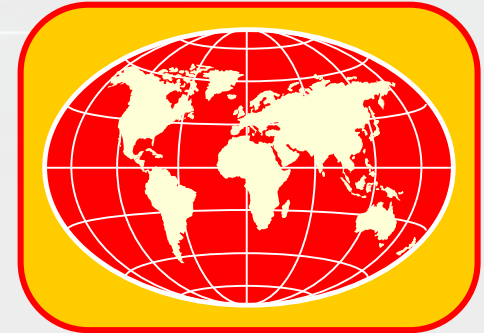
# SINGLE POINT MOORING CRUDE OIL EXPORT FACILITIES

THANK  
YOU





# ENERGY WORLD (USA)



## **Fourchon LNG 2.0 MTPA LNG Plant Small-Scale LNG Plant**

*Kinetica Partners  
2018 Shipper's Meeting*

*Lake Charles, LA  
October 18, 2018*

# Fourchon LNG Project

- ✦ *Developed in stages, with each train having a 2.0 million metric tons/year*
- ✦ *Four trains proposed*
- ✦ *Sourced from Henry Hub*
- ✦ *Estimated cost of project \$888 Million*

# Fourchon LNG Project





# Fourchon LNG Project





# Proposed Project Timeline

Milestone	Projected Schedule
Fourchon LNG Submits Request to Initiate Pre-Filing Review Process	April 2017
OEP Director Issues Authorization and Notice of Pre-filing Commencement	April 2017
Fourchon LNG Holds Open Houses	Completed
Fourchon LNG Files NGA Section 3 Application	December 2017
FERC Issues Final Environmental Impact Statement	November 2018
FERC Issues Order Granting Section 3 Authorization	March 2019
FERC Issues Authorization to Proceed and Commence Construction	June 2019
Fourchon LNG Places Project In Service	Q4 2020





# *FERC Update*



# FERC – Kinetica Energy Express

#	Activity	Date
I.	<i>Filed clean up tariff (Docket RP16-1299)</i>	<i>09/30/16</i>
II.	<i>FERC order accepting and suspending tariff revisions</i>	<i>10/31/16</i>
III.	<i>Technical Conference</i>	<i>12/01/16</i>
IV.	<i>Initial Comments</i>	<i>01/27/17</i>
V.	<i>Reply Comments</i>	<i>02/15/17</i>
VI.	<i>FERC Staff report</i>	<i>02/28/17</i>
VII.	<i>Tariff revisions suspension ends</i>	<i>04/01/17</i>
VIII.	<i>KEE/KDE combination filings</i>	<i>8/25/17</i>
IX.	<i>Technical Conference (Patterson initial rates)</i>	<i>7/11/18</i>
X.	<i>KDE Patterson System abandoned into KEE by sale; services continue unaffected</i>	<i>Decision Pending</i>
XI.	<i>Patterson System to have incremental zone initial rates, based on only its own costs. No effect on existing KEE postage stamp rates.</i>	<i>Decision Pending</i>



# NGL Bank

❖ *Kinetica Energy Express is undertaking an initiative to implement an NGL Bank for the Bluewater and Eastern system*

- ❖ *Aug 1, 2018 – Request by a Shipper to institute an NGL Bank*
- ❖ *Aug 20, 2018 – Kinetica makes Contact with SPL regarding NGL bank set up*
- ❖ *Sept 18, 2018 – Meeting with Shippers at Kinetica Houston Office*
- ❖ *Oct 5, 2018 - SPL Example Statement to Producers*
- ❖ *Oct 15, 2018 - Contract and Voting Package to Producers*
- ❖ *Oct 26, 2018 - Deadline for Receipt of Voting Instruments*
- ❖ *Oct 31, 2018 - Voting Results to Producers*

A large yellow offshore oil rig stands in the dark blue ocean under a bright blue sky with scattered white clouds. A faint rainbow is visible in the sky behind the rig.

*Questions ?*



# *Ongoing Activities – Tonight & Friday*



# Reception and Dinner

✿ *Reception 5:00 p.m. – 6:00 p.m.*

✿ *Dinner 6:00 p.m. – 9:00 p.m.*



- ◆ **Key Note Speaker**  
*Dr. Gregory Upton, Jr.*  
Center for Energy Studies  
Louisiana State University



*Friday Morning*

**8:30 am - Departing hotel**



**11:30 am - Returning to Lake Charles – Golden Nugget**

# Thank You for Attending !



Know what's below.  
Call before you dig.

