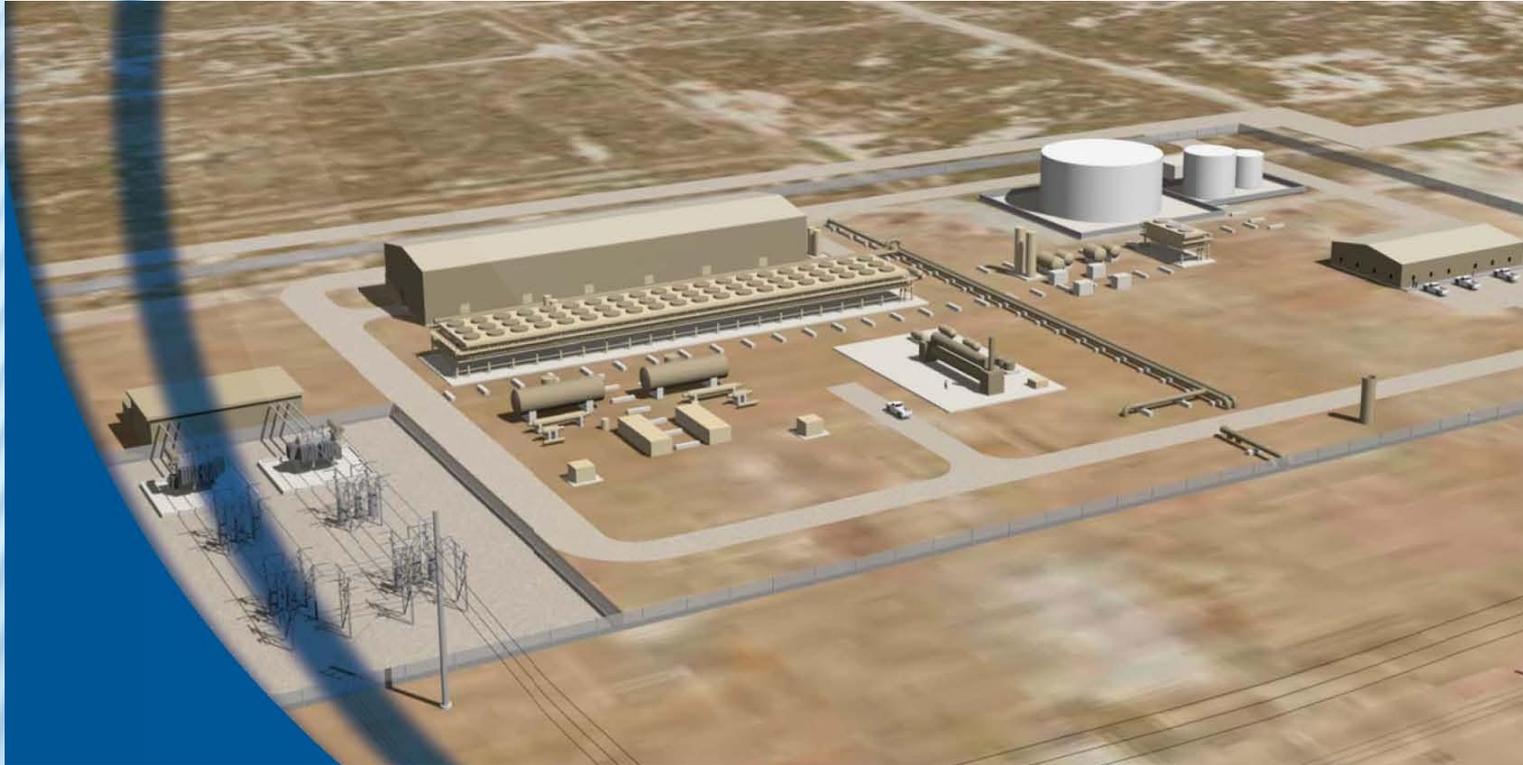




# TRICOR TEN SECTION HUB

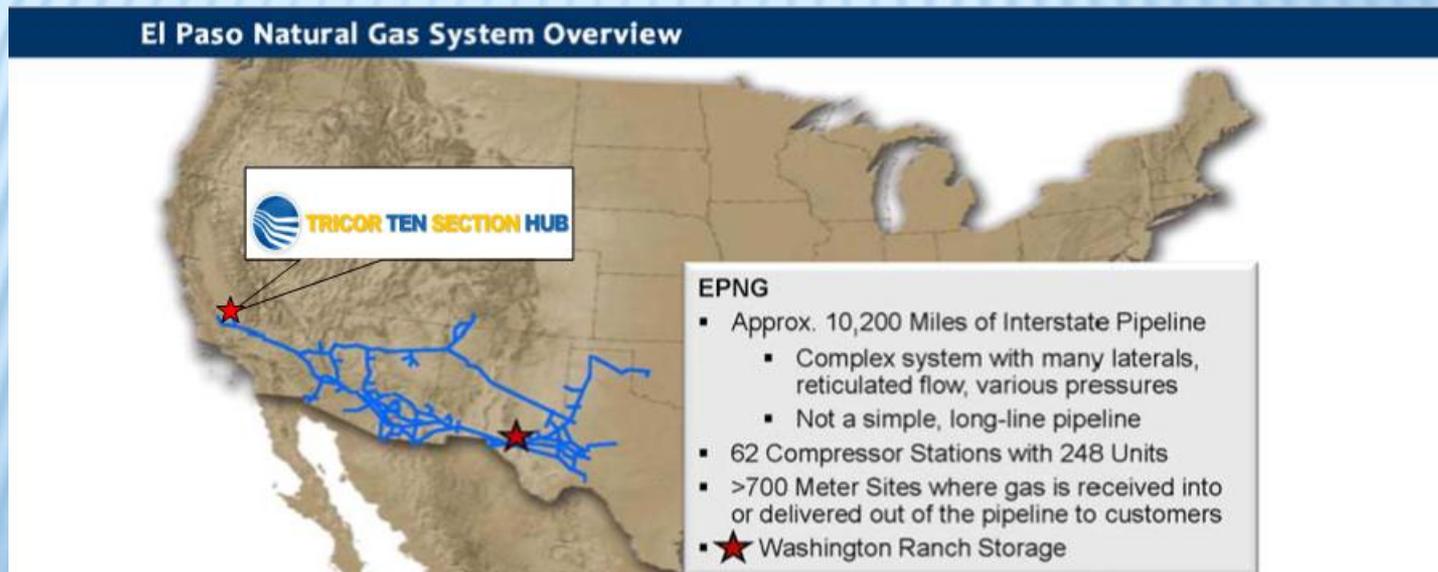


## ACC Winter Preparedness Meeting Tricor Ten Section Hub Project Update

**CONFIDENTIAL PRESENTATION**

# FERC Report States Additional Natural Gas Storage Could Have Prevented Southwest Outages

- ✘ In the FERC September 15th summary, *Outages and Curtailments Southwest Cold Weather Event February 1-5*, the report states “Additional gas storage capacity in Arizona and New Mexico could have prevented many of the outages that occurred by making additional supply available during the periods of peak demand. Additional gas storage capacity in the downstream market areas closer to demand centers might have prevented most of the outages that occurred by making additional supply available in a more timely manner during peak demand periods.”
- ✘ Once completed, Tricor Ten Section Hub’s interstate facility is scheduled to deliver up to 1 billion cubic feet per day of high speed natural gas withdrawal capacity, at 900 (psig) into Kern River and El Paso’s Mojave pipeline system. Given our location on the map below, our design parameters, and our close proximity to market centers, Tricor Ten Section Hub could have helped prevent the Southwestern outages that occurred last February.

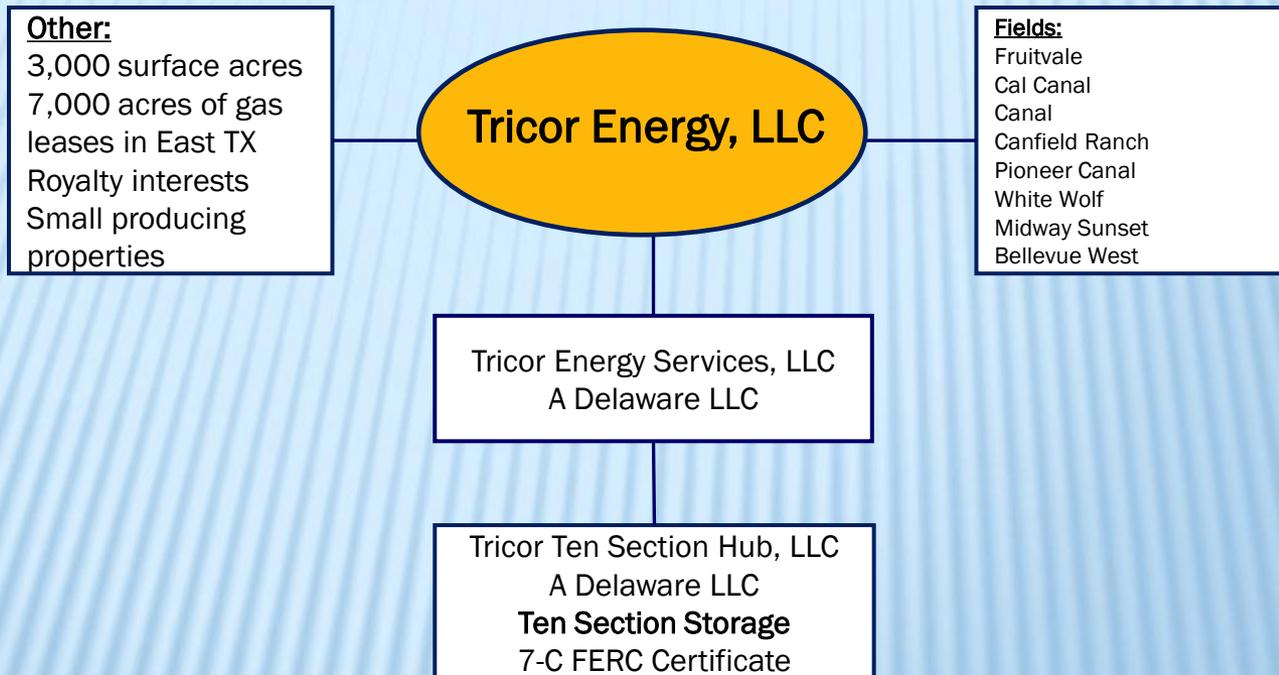


# FERC Approves Tricor Gas Storage Project

- ✘ We reached the 7-C benchmark milestone we have been waiting so long for. On September 30, 2011, we as a group accomplished something that no one has ever done before. We have made history together, as we are the first FERC regulated and permitted interstate storage project in California to serve the Southwestern markets. This is not our story, but yours!
- ✘ We have succeeded where other larger organizations have struggled.

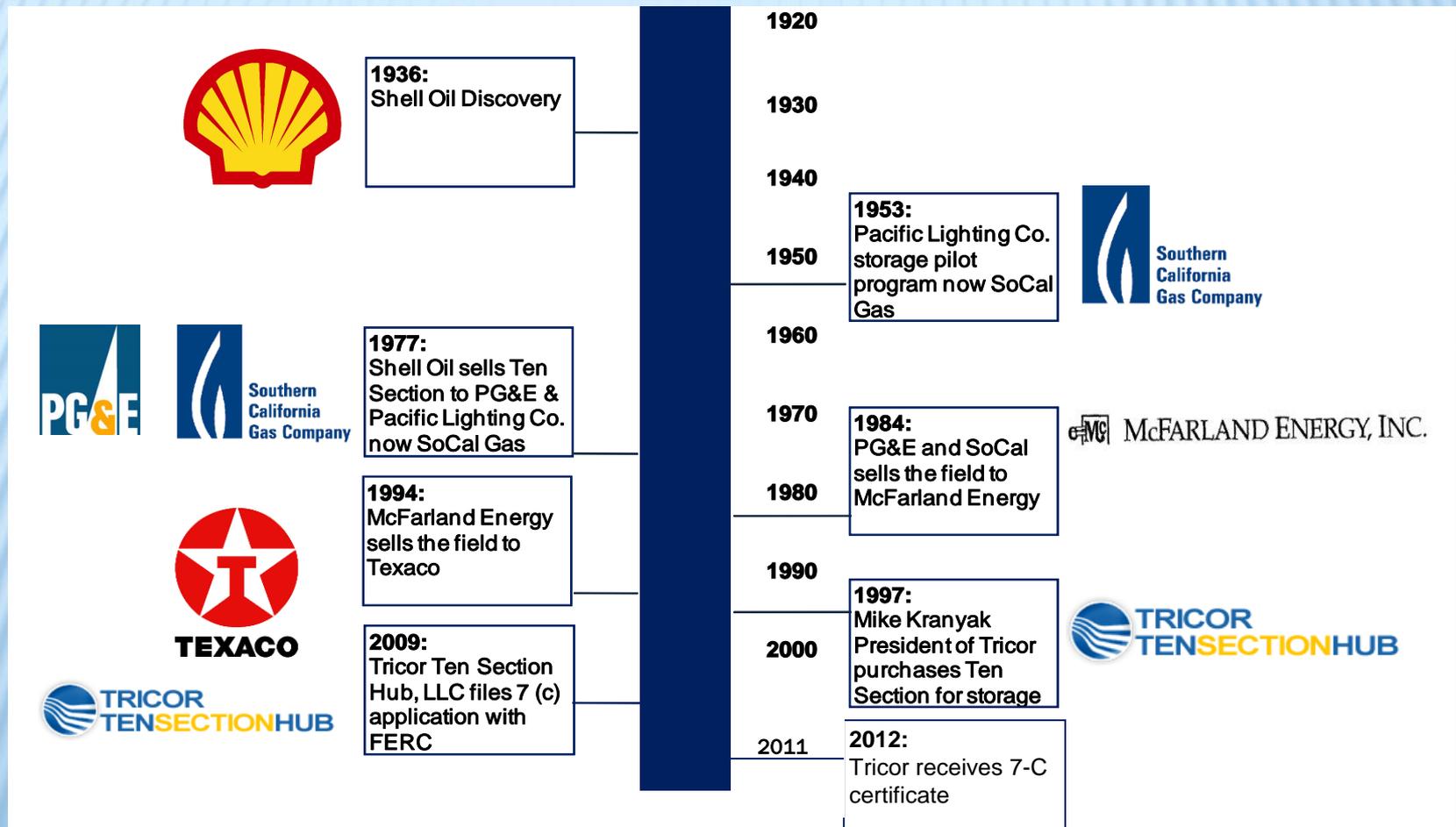
# Company Information

Tricor Energy, LLC is a ranked California Independent Petroleum Association Producer (“CIPA”) engaged in the production, development, acquisition, and exploration of crude oil and natural gas.



# Tricor Ten Section Field History

## Ten Section Historical Ownership Timeline



# Project Timing



## Development Underway

- 1) 7(C) Certificate Issued September 30, 2011
- 2) Accepted FERC Certificate October 17, 2011
- 3) Engineering Procurement Construction (“EPC”)



## In service dates

Put into service by March 30, 2013

# Ten Section Development Team

Team consists of IGC, Fulbright & Jaworski, BAML, URS Washington Division, and Gremminger and Associates, Inc.

- × **International Gas Consulting, Inc. (IGC)** has been retained to provide Tricor Ten Section Hub, LLC with a full range of technical services for the planning, engineering, design feasibility, project management, commissioning, and operation for the Tricor's underground storage project. Their extensive industry skills and knowledge are balanced by practical experience in the operation and maintenance of underground natural gas storage, gas liquids, and LNG processing facilities.
  - + IGC is one of the best known consulting firms in the gas storage industry "having served the industry as an independent consultant on approximately 80% of salt dome facilities and nearly two-thirds of all gas storage facilities in the U.S."
- × **Fulbright & Jaworski** has been retained to represent Tricor Ten Section Hub, LLC
  - + Experienced team of lawyers with the project development, regulatory, environmental, transactional, finance, and tax expertise needed to in obtaining regulatory approvals
- × **Bank of America Merrill Lynch** has been retained by Tricor for project financing
- × **Gremminger and Associates, Inc. (GAI)** has been retained. Larry Gremminger's GAI is a premier environmental expert firm with experience before the FERC and Army Corps of Engineers
- × **URS - Washington Division** has been retained to prepare engineering plans and a complete environmental assessment. URS is a worldwide leader in storage infrastructure design, engineering, and the environment



# Project Overview



## Core Gas Storage Business Model

- × **Two methods of revenue generation**
  - + Storage and hub services
- × **Lease services generate revenues from fixed-fee contracts**
  - + Acts as a "warehouse" for gas, does not take title to gas
  - + Contracts are typically three years or more in length. Customer is obligated to pay storage fee
  - + Customers use Ten Section's capacity to support diverse businesses such as electric power generation, winter heating demand, trading arbitrage, natural gas production storage, commercial applications.
- × **Hub services provide interruptible storage services**
  - + Service used for gas load management, balancing and storage arbitrage
  - + Customers typically also are storage customers

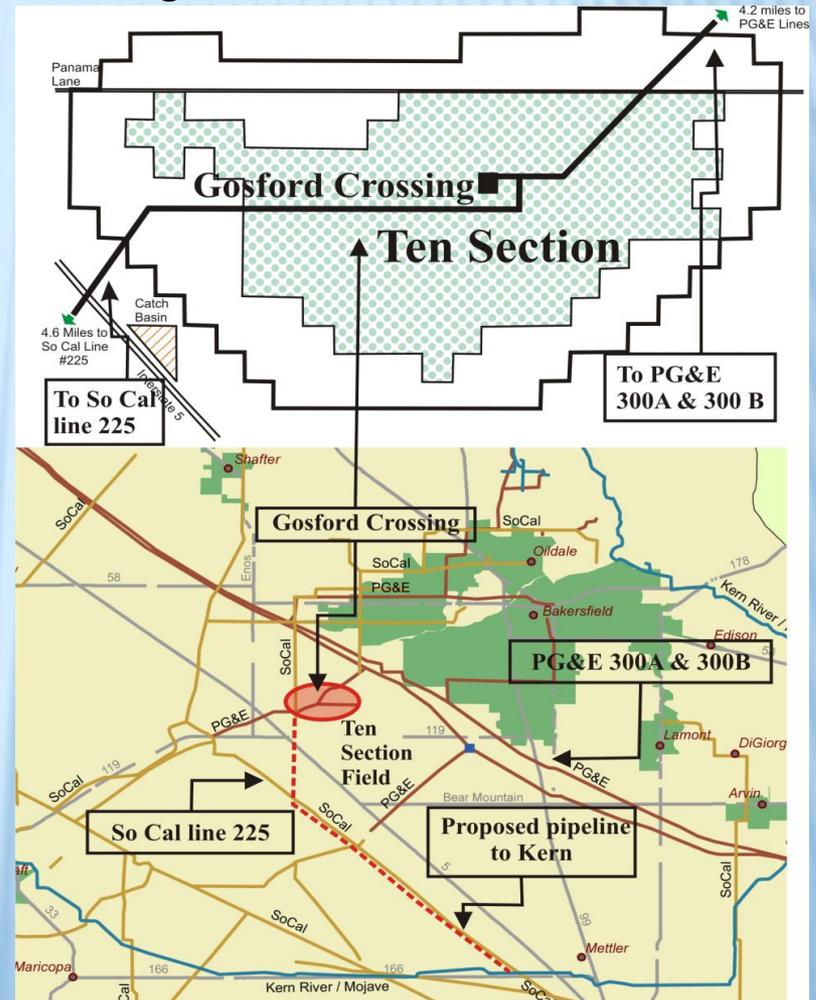
## Project Description

- × **High performance natural gas storage facility**
  - × Interconnect with interstate pipelines (i.e. Kern River / Mojave).
  - × Interconnection to intrastate pipelines (i.e. PG&E and SoCal Gas) available under section 311 of the Natural Gas Policy Act of 1978
  - × Proposed facility to provide up to four turn service with maximum injection and withdrawal capabilities of 800 million mcf/d and 1,000 million cf/d, respectively
- × **Market based storage facility under FERC jurisdiction**
  - × Delegated authority to charge market rates
  - × Offer firm storage and interruptible / hub services
- × **Put into service by March 30, 2013**
  - × Initially will provide 22.4 billion cubic feet of working gas capacity
  - × 10.1 billion cubic feet of injected base gas required planned in spring of 2012.
- × **Infrastructure required**
  - × 5 Well Pads and 26 new horizontal wells, seven reworked vertical wells and 42,000 horsepower of compression required to launch
  - × Interconnect (Header) Gas Pipeline (36" x 21 Miles)
  - × Substation/Switchyard, Power Distribution Line (230 KV)
  - × Compressor Station/Office/Maintenance Shop
  - × Gas Dehy/Oil Stabilization/Water Treatment
  - × Gas Flowlines (2 x 20") to Wells - High/Low Pressure
  - × Water Flowline (4") and Water Disposal Wells (5), and Observation Wells (9)

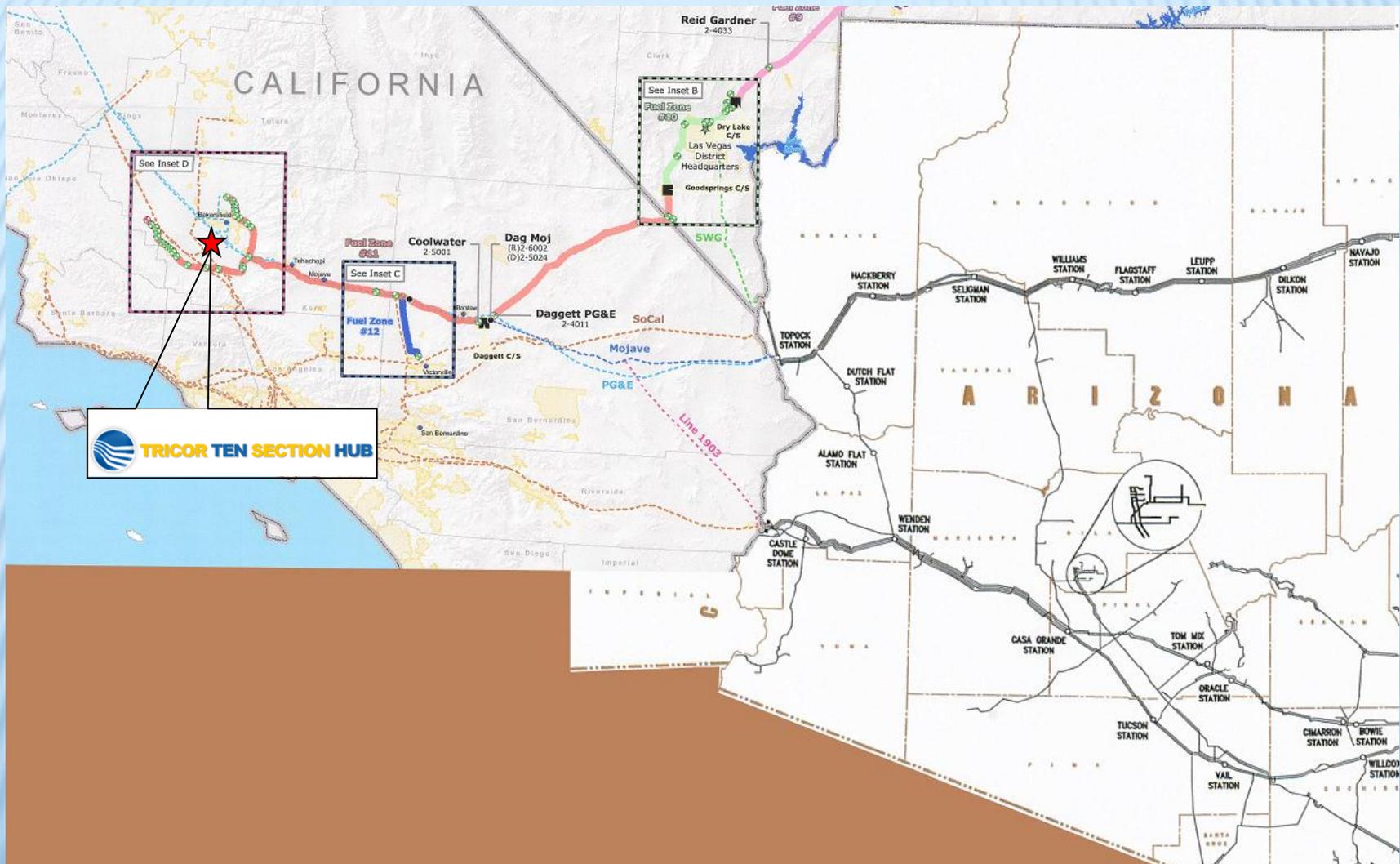
# Intrastate Connections

There are multiple pipeline connection options surrounding Ten Section Hub

- ★ Ten Section is located central to the backbone systems of major interstate and intrastate pipeline systems with 4.0 Bcf/d of pipeline capacity surrounding it
- ★ PG&E's 34 inch Line 300A and 300B South to North lines are able to deliver large volumes of gas into the San Francisco load center
- ★ Line 225 also connects directly to the Kern-Mojave interstate pipeline at Wheeler Ridge
- ★ The 9 mile, 34 inch intrastate Gosford Crossing transmission line runs directly across the Ten Section property. It is jointly owned by So Cal and PG&E (connects So Cal's 225 line to PG&E's 300A & 300B)



# Ten Section Hub Interstate Access



# Customer Provisions Added in PA's

- × We care about our customers and our relationships with them. Therefore, we have made the following provisions to provide better service.
  - × Board approval and state public utility submittal by the customer
  - × Favored nations language for customer protection
- × Tricor's response to customer requests
  - × Added board approval language to the PA's
    - × "The receipt of approvals, in a form satisfactory to Customer, from Customer's Board of Directors ("Board") and from the Public Service Commission ("PUC") that allows Customer to enter into this Precedent Agreement. If satisfactory approvals from Customer's Board and/or the PUC are not obtained, then Customer shall have the right to terminate this Precedent Agreement upon 90 days prior written notice to Company."
  - × Added favored nations language to the PA's
    - × "Customer participated in Tricor's open season for the Ten Section Natural Gas Storage Project which took place from June 1, 2009 to September 30, 2009 ("Open Season"). In consideration of Customer's reservation of capacity by way of this Agreement supporting the Ten Section project, Tricor agrees that should it enter into an FSS Agreement with any other storage customer, who likewise participated in the Open Season, for capacity in the Ten Section facility within one (1) year of the date of this agreement, and such FSS Agreement is (1) for a type and level of service (e.g. volume, turns, injection/withdrawal rates) equivalent to Customer's; (2) for a term less than or equal to Customer's, but is (3) at a Storage Reservation Rate per turn lower than Customer's Storage Reservation Rate per turn under Customer's FSS Agreement, or (4) with terms or conditions that materially are more favorable to such other customer than otherwise found in Customer's FSS Agreement, then Tricor will revise Customer's FSS Agreement to lower the Storage Reservation Rate per turn to equal such lower Storage Reservation Rate, and/or provide the more favorable terms and conditions of service, if any."

# Conclusion

- × Tricor Ten Section Hub's new infrastructure, 1-to-1 reliability, and a multitude of optionality, is ready to serve the Southwest. We are committed to providing you with reliable on-demand high-speed gas storage service for decades to come.
- × We stand ready to Power the West with you.



# Contact Information

## Tricor Ten Section Hub

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